DOCUMENT RESUME

ED 041 156 VT 011 463

AUTHOR	Somers, Gerald G., Ed.
TITLE	Proceedings of the Annual Winter Meeting, Industrial Relations Research Association (22nd, New York City, N.Y., December 29-30, 1969).
INSTITUTION	Industrial Relations Research Association, Madison, Wisc.
PUB DATE	Feb 70
NOTE	362p.
AVAILABLE FROM	Industrial Relations Research Association, 7114 Social Science Building, University of Wisconsin, Madison, Wisconsin 53706 ($5.00)
EDRS PRICE	EDRS Price MF-$1.50 HC Not Available from EDRS.
DESCRIPTORS	Adult Vocational Education, *Collective Bargaining, *Culturally Disadvantaged, *Federal Programs, *Industrial Relations, Labor Unions, *Manpower Development, Minimum Wage, Youth Employment

ABSTRACT

More than 50 authors contributed to the papers at this conference, which emphasized the industrial relations aspects of education and manpower. Campus revolts were discussed in this perspective, and sessions were devoted to the economics of education and collective bargaining in the schools. Manpower programs were approached from the standpoints of their impact on metropolitan areas, private initiative in their development, and their relationship to economic growth. New departures were also seen in the sessions devoted to organizational development and to labor relations in hospitals. Even in the sessions devoted to employer and union bargaining, the overall emphasis was on new goals, approaches, and strategies. (Author/BH)

ED041156

PROCEEDINGS OF THE TWENTY-SECOND ANNUAL WINTER MEETING

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

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DECEMBER 29–30, 1969
NEW YORK CITY

EDITED BY GERALD G. SOMERS

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First Edition
Library of Congress Catalog Card Number: 50-13564

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PREFACE

The Association's Twenty-Second Annual Winter Meeting reflected the members' growing interest in problem areas outside the scope of traditional industrial relations.

Industrial relations aspects of education and manpower were given a major emphasis. President Fred Harbison discussed campus revolts in this perspective, and sessions were devoted to the economics of education, and collective bargaining in the schools. Manpower programs were approached from the standpoints of their impact on metropolitan areas, private initiative in their development, and their relationship to economic growth.

New departures were also seen in the sessions devoted to organizational development and to labor relations in hospitals. And, even in the more traditional IRRA concerns with employer and union bargaining, emphasis was placed on new goals, approaches and strategies. The excellent invited papers also stressed new topics and/or methodological approaches.

We are grateful to Fred Harbison and the local arrangements committee for a stimulating and enjoyable program, and to the participants for their cooperation in preparing written versions of their oral presentations and discussions. I am especially indebted to Betty Gulesserian, the IRRA Executive Assistant, for her invaluable help at all stages of the preparation of these Proceedings.

Gerald G. Somers, *Editor*

Madison, Wisconsin
February 1970

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I

PRESIDENTIAL ADDRESS

Frederick H. Harbison

THE CAMPUS REVOLT FROM AN INDUSTRIAL RELATIONS PERSPECTIVE

FREDERICK H. HARBISON
Princeton University

The current upsurge of student power on the nation's campuses bears some striking resemblances to the rise of union power in the mass production industries a little over thirty years ago. The initiation of union-management relations in automobiles, rubber, and "big steel" was fraught with violence, occupation of plants and buildings, emotional charges and accusations, and gloomy speculation about the survival of the American system of private enterprise. Many corporation executives shook their heads in dismay, and warned that big industry would never be the same if unions were to invade the sacred area of managerial prerogatives. They were right; the large corporations were changed under the impact of collective bargaining; the approach of American industry to human relationships was drastically altered. But industry survived the onslaught of unions; and apparently it is stronger, more resourceful, and certainly more socially responsible as a consequence.

Today, there are those who fear that the campus militants will destroy the universities and that the universities will never be the same. Again, they may be right. But it is quite possible that universities will be better institutions in the future as they are forced to respond to the pressure of growing student power. This is my central thesis.

* * * *

Before coming to grips with the main themes of the analysis, let us digress for a moment to examine the role of paternalism in industry and on the campus. Now here, for example, is a "statement to employees" made by a company in London over a hundred years ago. It is a gem.

> "1. This firm has reduced the hours of work, and the clerical staff will now only have to be present between the hours of 7 a.m. and 6 p.m. on weekdays.
>
> 2. Now that the hours of business have been *drastically* reduced, the partaking of food is allowed between 11:30 a.m. and noon, but work will not, on any account, cease.

> 3. Daily prayers will be held each morning in the main office. All members of the clerical staff will be present.
>
> 4. Clothing must be of a sober nature. The clerical staff will not disport themselves in raiment of bright colours, nor will they wear hose, unless in good repair.
>
> 5. The craving of tobacco, wines or spirits is a human weakness and, as such, is forbidden to all members of the clerical staff.
>
> 6. No member of the clerical staff may leave the room without permission from Mr. Rogers (the supervisor). The calls of nature are, however, permitted and, for this purpose, the clerical staff may use the garden below the second gate. This area must be kept in good order."

And after specifying wages for junior boys (up to 11 years), boys (11-14 years), and junior clerks, ranging from one to twenty-one shillings a week, the notice ends on this extremely hopeful note:

> "The owners recognize the generosity of the New Labour Laws, but will expect a great rise in output of work to compensate for these near Utopian conditions."

Yes, business enterprises at one time did act *in loco parentis* in relation to their employees. As industrial relations specialists, we have a pretty good idea of how the employees viewed "these near Utopian conditions" as well as the kind of unprintable epithets which they must have used to describe "Mr. Rogers." Today, perhaps, we could make similar assumptions about reactions of college students to university regulations prohibiting such things as drinking on the campus, limitation of visiting hours for women in men's dormitories, or compulsory chapel attendance. There may be justification for such rules but students have a point when they insist that rules governing conduct on campus be *negotiated* with university authorities rather than imposed by them. Paternalism has not survived in the climate of modern industrial relations, nor is it more likely to prevail in university-student relationships, particularly with the present generation of youngsters whose inclination is to rebel against their parents and to view with suspicion any advice offered by a person over thirty years of age.

* * * *

It is clear, of course, that rebellion on our campuses today stems from issues which go far deeper than rules of student conduct. The militant organizations of white and black students are challenging the policy-making power of the university establishment (the "trustees-administration-faculty complex" so to speak). They seek control over what the university should stand for, what should be taught, and who should teach it by pressuring the university establishment through protest, confrontation, and other forceful means of exercizing power. The newly organized unions in the thirties had somewhat similar objectives—a confrontation in the power centers of American industry and the limitation of unilateral managerial authority over terms and conditions of employment.

I would not suggest that student-university relations are exactly like union-management relations. Students, presumably, are intellectuals, not horny-handed members of the working class. They are only transients in the university, not committed as are workers to corporations for their livelihood. Unlike workers, students are really consumers (of knowledge and education) rather than producers. Universities and corporations have different goals. The corporation attempts to maximize profits by selling a product or service; the university strives to maximize the contribution to and extension of knowledge. The subject matter for student-university relations and union-management relations is thus entirely different. The similarities lie in power relations—in the organization and management of protest, in the challenge to traditional prerogatives, and to some degree in the joint machinery for rule making. The workers in the thirties and present-day students also share the same suspicions about the integrity of the institutions of which they are a part.

* * * *

The concern of workers in the thirties was mass unemployment, arbitrary control by employers over those who were employed, and resentment against an enterprise system which subordinated human to materialistic values and which had no program or strategy for leading the country out of the great depression. Workers challenged the legitimacy of the power wielded by big business, and many had specific grievances against their bosses. Those were grim times characterized by insecurity, frustration, resentment, and despair. The future looked very bleak. Although most of the apprehensive masses were discouraged and apathetic, there was an activist minority eager and ready to rebel.

* * * *

The overriding concern of the students in the sixties starts with the Vietnam war. A great many believe that it is an immoral, savage, useless, and unsuccessful adventure. The younger men are all the more resentful because they are the ones who are drafted to fight and die to extricate the country from a disaster for which they hold the nation's elder statesmen responsible. Some are resentful of the "military-industrial complex" which they view as a spreading cancer which is destroying the ethical and moral tissue of American society. And they believe it is shameful that poverty and hunger persist in the most prosperous and affluent of all economies, and that minorities have been subjected to oppression and discrimination in what is claimed to be the world's foremost democracy. As Wight Bakke points out in a forthcoming book, *Students on the March,* many young people today face a crisis of belief; they question the legitimacy of the power elites and what they stand for and they are frustrated by a feeling of powerlessness to change the policies of government or business. But the universities are within their reach.

Only a minority of college and university students have such strong feelings of resentment. Some are avid supporters of "the establishment." But there are enough campus militants and potential followers to ignite and fuel a rebellion, just as there were enough activists and sympathizers to mobilize the revolt of the workers in the thirties.

* * * *

A crisis of belief, a questioning of legitimacy, resentment against authority, and feelings of frustration by themselves do not generate rebellion. There must be catalysts—leaders and prime movers—to organize protest and direct it against specific targets. According to the late Lloyd Fisher, a movement must have its agents who assert proprietorship over protest and become in effect "the merchants of discontent."

In the thirties, the CIO was the instrument of revolt. It fomented strikes, won union recognition, and instituted collective bargaining with only a handful of activist union members. Today, the student rebellions on the campuses are managed by very small groups of militants. Some are genuine revolutionists; they would be happy to destroy the universities as a first step in a grand liquidation of the existing social and economic system. Others would accept, but drastically reform, the establishment. Their immediate common objective, however, is to exert the maximum possible pressure on what they call the power structure in the universities.

* * * *

In the thirties the mass production industries were organized by men such as John L. Lewis, Walter Reuther, Philip Murray, Sydney Hillman, Clinton Golden, and others in the CIO who, in company with activists and some leftist militants from the workers' ranks, built the organizations which successfully established the beachheads of collective bargaining. This leadership had brains, experience, dedication, financial resources, and a coherent, unifying objective—to gain recognition for unions and thus to regulate management through the process of collective bargaining. The strategy was first to foment and organize protest, and then after recognition to transform protest bodies into negotiating organizations. The CIO leaders had no desire to overthrow industry or even to change it drastically; they sought rather to wring from it concessions and to acquire control over managerial decisions relating to wages and conditions of employment. They enjoyed the full support of the left, a generally sympathetic public opinion, the active support of the New Deal administration in Washington, and much encouragement here and there from friendly governors, congressmen, and senators. To achieve their ends they resorted to protests, strikes, sitdowns, occupation of plants, vilification of big business and its leaders, and any other means, fair or foul, to bring the captains of industry to their knees. The CIO was involved in some very bloody struggles, because the corporations, unlike the universities today, were tough, powerful, ruthless, and eager to slug it out with their challengers. Throughout the struggle to establish collective bargaining, however, the CIO leadership, in organizing protest, always had a clear idea of what they were for as well as what they were against. They achieved their major objective despite powerful, well-organized, and well-heeled opposition.

* * * *

In contrast, today's campus militants lay more stress on what they are *against,* but have little to say about what they are for. The leaders of the SDS, for example, organize protest against ROTC, against research contracts with the Department of Defense, against the military-industrial complex, against the draft and continuation of the Vietnam war—and even against the wages paid to painters' helpers at Harvard. They are not seeking recognition for the purpose of bargaining but searching for issues upon which to mobilize protest. In some respects, therefore, SDS is like the old Knights of Labor. In theory, the Knights stood for rebellion against a powerful ownership establishment controlling ever larger aggregations of power which were dominating the political life of the nation. The Knights espoused many causes—cooperatives, agrarianism, trade unionism—at the same time that they wanted to do away with the wage system and make every man his own capitalist. As Norman Ware said, "The order was a semi-religious crusade, but with fifty-seven varieties of the holy grail." SDS likewise has a mixed bag of objectives and sincerely held beliefs. But it tends to leap on its horse and dash off madly in all directions. Powered by high-voltage emotionalism rather than by experienced leadership and financial resources, SDS splits into pieces because of ill-assimilated idealism, fuzzy goals, and a compulsion to be militant at any cost. Just as the Knights rose to prominence spectacularly and declined as suddenly, so may the SDS fade away for lack of a stable organization with any coherent program to capture the interest of the student masses.

* * * *

The black student organizations, however, are quite different. They are more like trade unions. They admit only blacks to membership. Their ranks are united in a common awareness of discrimination and exploitation. They have an almost made-to-order ideology and a solidly based rationale for militancy. And above all they are able to agree on fundamental objectives in confronting the universities—for example more black teachers, more black students, black studies programs, black dormitories, and control over the discipline of black students. Quite wisely, they are not anxious to dissipate their energies and jeopardize their strategic power base in alliances with the white militants. The black student organizations, like SDS, seek to mobilize and manage protest, but they are more willing to negotiate and bargain with universities over terms. They don't want to destroy the university; they want it simply to serve better the black interests. They are the most united and strongest of the militant campus organizations mainly beause they are craft-union like in their strategy.

On the whole, however, the militant campus organizations are weak in comparison with the CIO organizations in the thirties. They do not have the sympathy and support of the public and the government which was enjoyed by the CIO. But they have one very important compensating advantage. In comparison with large corporations, the universities today are much easier marks for confrontation.

* * * *

In the thirties, the CIO was challenging monolithic, authoritarian, and powerful corporations. In these corporations the top officers could formulate policy and demand its acceptance throughout the entire managerial hierarchy. Executive authority was not subject to serious challenge by members of the management team. Foremen and supervisors were not free to divide the managerial ranks by siding with the unionists. In dealing with unions, therefore, the corporations could put up a united front and follow a consistent strategy. And if that strategy failed—as indeed the attempt to break the CIO did—the corporations could pull back, regroup their forces, formulate a new strategy for collective bargaining, and be reasonably sure that management up and down the line would at least try to implement it.

* * * *

The present-day university is a very different kind of organization. It is a structure with comparatively little power at the top (i.e., the administrative-trustee level) because in theory at least decisions are made by the faculty. In the university, the principle of colleague authority rather than executive authority is presumed to prevail. However, faculty members, although cherishing their academic prerogatives and privileges, are primarily concerned with their rights as individuals. As one of my colleagues put it, they behave like a bunch of free-wheeling entrepreneurs in a sort of "Friedman-type state." Thus, when confronted with the exercise of student power, the position of the faculty is unpredictable and often uncontrollable. Some members, alarmed by the prospect of student encroachment on their prerogatives in the areas of research or teaching, become academic "Tom Girdlers." Others are sympathetic to the demands of the militants, and many more simply get queasy as they are tossed up and down in the waves of uncertainty. Moreover, faculty members are easily swayed by events in a confrontation—such as police actions, the carrying of guns by students, threatening speeches or emotional appeals to lofty, but sometimes irrelevant, principles.

When confronted by campus militants, therefore, the university is not able to present a united front until it builds a consensus. And this is a difficult and time-consuming process. Concensus cannot be built from the top down. The administration cannot speak for the faculty, and the faculty as such cannot speak for all its members. The militants can always find among the faculty ranks some sympathetic, eager, and vocal allies. Thus, in attacking the university establishment, the militants have their agents within it.

* * * *

The impact of the CIO drive on the mass production industries was dramatic and far-reaching. The first response of industry to this pressure was the creation of employee representation plans, more commonly called company unions by their detractors. The purpose of these management-initiated plants was twofold: first, to open better channels of communication with employees and to provide a means whereby, through elected representatives, they could advise management on matters pertaining to wages, employment, and grievances; and second, to shortcircuit the unionization drive of the CIO militants. The employee representation idea was thus a technique to give the great silent majority of workers a "piece of the action" on management's terms. Most labor economists branded this response as a pure and simple union-busting effort by the companies which at that time had a reputation for combatting organized labor with police, spies, and discharge of union sympathizers and agitators. Yet, in comparison with previously prevailing practices, this kind of joint machinery was a tremendous step forward in management-employee relations. The employee representation plans exposed the vast communication gaps between top management, supervisors, and workers. They led to the recognition of industrial relations as a top management function at the vice-presidential level. They forced the captains of industry to pay more attention to human values in the management of enterprises. And, perhaps even more important, they taught workers their first lessons on how to put their employers in a "squeezebox."

As you will remember, the Steel Workers Organizing Committee (SWOC) brought U.S. Steel to its knees by capturing its company unions. Clinton Golden of SWOC was able to win over to the CIO large numbers of the employee representatives in the Carnegie-Illinois plants. He even put many of them on his payroll. These representatives then in effect became a CIA within the plants who, under Golden's Machiavellian guidance, kept "biting at the heels" of management for concession after concession. Indeed, in many plants the employee representatives were able virtually to immobilize management by involving superintendents and foremen in continuous marathon meetings. It was the seizure of the company unions, in my view, which was the major reason for the U.S. Steel decision to capitulate to the CIO, for at the time of the famous Taylor-Lewis Peace Pact which resulted in the first collective bargaining contract, SWOC had only a handful of card-carrying union members in all of Big Steel.

The employee representation plans collapsed even more speedily than they had been instituted. Those that were not captured became illegal when the Wagner Act was held constitutional in 1937. Formal collective bargaining under union contracts replaced the company unions.

The mass production industries have been humanized by collective bargaining. Wages and working conditions have been subject to joint determination by management and unions. Collective agreements have established the framework for a system of industrial jurisprudence. But, in most cases, management has retained its essential functions—to decide what it will produce, to determine prices and allocate profits, to introduce new processes and machinery, and to select and direct its working forces. It has struggled with varying degrees of success to maintain its control over the setting and enforcement of production standards. The corporations have not turned over management to the workers. On balance, collective bargaining has greatly strengthened American industry.

* * * *

It is too early, perhaps, to assess the impact of student activism on the university. An initial response is the establishment of joint machinery of all kinds to "restructure" university decision-making processes. Students are now serving on every conceivable kind of joint committee at the department and university-wide levels. They are being brought in on everything from campus life and curriculum reform to university real estate operations, fund raising, and investment of endowment funds. There appears to be no limit to appropriate areas for their involvement. On the whole, this is constructive. It will give members of the faculty, administration, and trustees a clearer understanding of student interests, aspirations, frustrations, and grievances. Communications, which in most cases have been in bad repair, may be improved. The traditions, organization, ideals, and purposes of the university will be subjected to critical review; "the relevance" of teaching and research may be re-examined. In short, the basic role of the university in America will be questioned, debated, challenged, and in some cases altered thereby. The process will not always be harmonious. Faculty, administration, and trustees will find themselves involved in endless debates and prolonged meetings.

The objective of the new joint machinery on the campuses is to achieve a better accommodation of interests of students, faculty, administration, and trustees. The hope is that it will build understanding and lead to greater consensus on the legitimacy of the university's role in society. The machinery is also designed as a sort of lightning rod to arrest campus revolts. In industry, the company unions and later collective bargaining have indeed grounded the forces of revolutionary change. Unions and workers, through a process of antagonistic cooperation, have become stalwart defenders of the industrial establishment. The crucial question is whether joint machinery can handle power relations on the campus as well as it did in industry.

In reality, however, the creation of joint machinery offers no panacea for unrest on the campus. And it would be foolish to assume that it will deactivate militant student groups. Conceivably, the campus militants with the support of allies on the faculty could capture the new joint machinery. This is possible, but unlikely. The SDS-type militants more probably will refuse to participate in joint machinery for fear of being co-opted by the establishment. They may prefer to operate as an outside protest organization to confront the establishment with their "non-negotiable demands." The black student militants, likewise, have more to gain by direct action rather than participation as a minority in university-wide joint machinery. Operating like trade unionists, they have a bargaining advantage because the universities are both reluctant and afraid to take stands against them—reluctant because of conscience and humanitarian concern, and afraid because they might be labelled as "racist" by student groups which they want to attract to the campus.

The operation of the joint machinery in itself also poses thorny issues. What constitutes student participation? Does it assume consultation or co-determination, and in what areas will the faculty and administration seek to retain unilateral authority? The issue of managerial rights vs. union control lies at the core of collective bargaining relationships. Similarly, the dividing line between faculty and administration prerogatives vs. student control over decision-making will be the basic issue in university-student relations no matter what kind of joint machinery is established or how carefully its constitution is drafted. An examination of a few current issues may make this point clear.

The rules of conduct governing campus life is an appropriate area for joint negotiation. For example, the trustee-administration-faculty forces will find it difficult to retain exclusive proprietorship over rule-making on matters such as visiting hours in dormitories, drinking, drug use, or formulation and administration of disciplinary procedures. Likewise, student groups will certainly command a greater voice in determination of curriculum, grading systems, and examination procedures. Faculty members appear willing to take a lot of advice from the consumers of education on such matters, and this may be tantamount in many cases to co-determination.

Student participation in the selection, promotion, and tenure of faculty members, however, is a different matter. Here faculties may welcome the opinions, but certainly not the votes, of students. To paraphrase Professor J. H. Hexter, students are unlikely to achieve any power in deciding on the selection and academic advancement of their teachers, for this would undermine the vested interests of the professoriate. And as he says "while some professors are momentarily foolish enough to court popularity by uttering sweet nothings about taking counsel with students on the merits of faculty members, the corporate professoriate is not going to surrender lightly such power as it has." *

Similarly, faculties may be expected to hold the line on student participation in designation of appropriate areas for research. Today, for example, many campus militants are indignant about war-related research, and are pressing for termination of research contracts with the Department of Defense. In this area, SDS groups recently made a break-through and also hit a stone wall. For example, their protest did lead to the abolition of ***university*** sponsorship of the Institute for Defense Analysis (IDA). The faculties of the sponsoring universities, after careful soul searching, were forced to conclude that, although individual members of the faculty or administration could sponsor and participate in the affairs of IDA, it would be inappropriate for the university, as an institution, to imply the endorsement of all members of the university community through such sponsorship. However, when some of the same students today demand that a university as an institution terminate all war research activity, they are challenging the rights of individual faculty members to choose and carry out their own research projects. Here they face the stone wall. Faculty members are likely to unite against any student encroachment on their prerogatives with respect to research. In a parallel situation in collective bargaining, management flatly rejects any attempt by the union to determine what products a company shall produce or how to produce them.

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* J. H. Hexter, "Publish or Perish—A Defense," *The Public Interest,* Fall 1969, p. 67.

The development of Afro-American studies is, perhaps, a special case. Universities are quite receptive to setting up such programs. But the attempt by some militant black groups to assert their proprietorship over the selection of faculty, determination of curriculum, and admission of students flies in the face of traditional faculty prerogatives. Because of the strength, cohesiveness, and bargaining power of the black student groups, major concessions are being made in some universities. Nevertheless, the extension here of the areas of joint determination may lead to the erosion of faculty prerogatives in many other areas as well.

Another controversial area is admissions policy. The black groups quite rightly want to alter admission criteria to allow for entry of more blacks, Puerto Ricans, and other minorities. (A similar case in collective bargaining is hiring standards for employees.) Here the blacks are in good position to press their bargaining advantage. Most universities are already giving preference in admission to *qualified* blacks over equally qualified whites, and a few have already gone even further to adjust their qualification standards for non-whites.

Another example of power controversy is the area of extra-academic policies of the university, such as holdings of real estate in university neighborhoods, personnel policy governing non-academic employees, and university investment practices. Here students play the role of moral crusaders rather than consumers of education. But university administrators, although forced to listen to their demands, may be expected to offer stiff resistance to formal co-determination in this area of decision-making which is so vital to the financial support of the institution. Accommodation will be difficult to achieve.

Finally, there is the issue of disciplinary action against students who occupy buildings or in other ways physically obstruct university activities. No university can long survive if it continues to surrender to coercion of this kind. As General Motors discovered many years ago, a policy of being "tough, but fair" on disciplinary matters is essential for stable union-management relations. Universities, likewise, will have to take a firm stand on discipline to maintain their integrity in the face of campus revolts, and this in the final analysis will depend on whether the faculties will have the backbone to present a united front.

* * * *

I have deliberately overemphasized in this paper the similarities between student-university and employee-management relations. In many areas there are really no parallels between the two. The similarities are mainly in *power relationships*—organized labor vs. the corporation and organized student militants vs. the university establishment. I have been concerned primarily with the responses of industry and the university to union and militant student pressure. The righteousness of student demands and the justification of the university response lie beyond the scope of this paper, and certainly should be evaluated in terms of moral criteria.

Yet, if this comparison of power relationships has any validity, universities may emerge as stronger, more sensitive, more relevant, more vital, albeit more troubled institutions in a rapidly changing society. In America, establishments, whether they be business enterprises, trade unions, or governments, seem to work best under the challenge of pressure and there is every reason to expect a constructive response by university establishments to the pressures generated by the student revolts. The relationships whether characterized by armed truce, working harmony, or mutual cooperation, can lead to greater consensus by students, faculty, administration, and trustees on the legitimacy and the mission of the university in American life. Nevertheless, it would be unrealistic to assume that universities will emerge unscathed from past, present, and future campus crises. Some temporary harm and even permanent damage may result. But on balance, the benefits ought to greatly outweigh the costs.

My conclusion is almost blindingly obvious. The perspective of industrial relations is useful in the analysis of many broad social, political, and economic problems. More research on student-university relations by industrial relations specialists would be fruitful. Before us lies a vast, exciting, and dynamic area for future inquiry.

II

THE IMPACT OF MANPOWER PROGRAMS ON METROPOLITAN AREAS

Garth L. Mangum, Chairman

INTRODUCTION

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The manpower programs of the 1960's—programs designed to enhance the employability and earnings of various disadvantaged groups in the society—have multiplied into an interdependent but amorphous complex in cities throughout the land. With funds severely limited relative to the serious employment handicaps, eradication of which is the objective of all the programs, evaluation is needed to ascertain that the scarce dollars are spent as efficiently as possible. The important question is not, "Which manpower program has been most cost effective in achieving its objectives?" It is, "What combination of manpower services can make the greatest contribution, within given budgets, to alleviating the employment problems of the disadvantaged?" Efficient delivery of those services then becomes the task at hand.

But manpower programs and services do more than contribute or fail to contribute to the employment and earnings of the enrollees. They both absorb and create experienced staff personnel with consequences for other public and private efforts using similar personnel. Participation in the programs inevitably affects the attitudes and services of public agencies serving the poor, both existing and new. If one is to know the real worth of the manpower programs, he must measure the total net impact on the community.

However, communities affect programs as well as vice versa. Each program was introduced into an existing economic, political, and social environment which strongly influenced the nature of the programs and in part predetermined their relative success or failure. Problems and circumstances also differ among communities and may require a different set of programs, services, or policies. Given these considerations, the group of us on this program, several of whom had participated in manpower programs at the federal level, resolved to learn more about the total impact and interrelations of all manpower programs at the local level. The Office of Evaluation of the Manpower Administration in the U.S. Department of Labor provided the financial support for an evaluation of all Labor Department-funded manpower programs in three metropolitan areas. The intent was to answer two questions: (1) "What was the total net impact of the whole complex of programs in each community?" In other words, "In what way do these communities differ today from what their condition would have been had there never been any manpower programs?" (2) "In what ways have the differing economic, political, and social environments required differing policies or influenced the relative success or failure of the programs?"

In order to make the test as instructive as possible, three metropolitan areas of widely differing characteristics were chosen. Progressing from the simple to the complex, Denver was selected as a medium-sized city of consolidated political structure without reputation for overwhelming social and economic problems. Boston was chosen as a larger city with a long history of action on the manpower front but with its target areas essentially within a single political entity. The San Francisco Bay Area was selected as the most complex situation of multiple political jurisdictions encompassing a number of overlapping labor markets, having experienced "ghetto" riots, and been the site of large expenditures of manpower funds.

This session is an interim report on that on-going project.

MANPOWER PROGRAMS IN THE SAN FRANCISCO-OAKLAND BAY AREA *

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After fifteen months study of the manpower programs operating in the urban core of the San Francisco-Oakland Standard Metropolitan Statistical Area—the densely populated shores of the bay in San Francisco, Alameda, and Contra Costa Counties—the authors of this paper have come to some fairly firm conclusions about manpower delivery systems.

Before discussing them, however, a word ought to be said about the complexity of the geographical area studied. It embraces fifteen cities that abut on each other, the jurisdictions in whole or in part of five community action agencies, two skills centers, and three model cities, concentrated employment, and work incentive programs.

Its population of ethnic minorities is equally complex. Special studies in 1966 of San Francisco, Oakland, and Richmond estimated the combined population of these key cities at 1,171,390 persons, of whom 339,118 were non-white, including 238,320 Negroes and more than 60,000 Orientals. Moreover, the white population included more than 105,000 persons with Spanish surnames. Important communities that were not included in the studies of 1966 were the Berkeley-Emeryville area with an estimated population in 1967 of 130,500 persons, 26 per cent of whom would have been non-white according to the 1960 census; Eden Township with a population in 1960 of 283,100 persons, including 27,744 with Spanish surnames, 1,699 Negroes, and 3,397 Orientals; and North Richmond, an unincorporated area with an estimated population in 1966 of 4,500 persons, 99 per cent of whom were black. There are in the area sizeable communities of Negroes, Chinese, Japanese, Filipinos, American Indians, Mexicans, and Central and South Americans.[1]

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* The research from which this paper is drawn was performed under contract with the Office of Evaluation, Manpower Administration, U.S. Department of Labor. That office assumes no responsibility for the conclusions reached.

[1] California Manpower Coordinating Committee, *The California Cooperative Manpower Plan for Fiscal Year 1969,* pp. 196–205, 244–247, 389–391, and 500–504.

As may be expected the ethnic minorities (non-white plus Spanish-surnamed whites) bear more than their proportionate share of poverty and unemployment. Firm figures later than 1960 exist only for Oakland. Though the ethnic minorities in 1966 constituted 45 per cent of that city's population, they bore 57 per cent of its unemployment and 69 per cent of its poverty (measured by BWTP standards).[2] Consequently much of the manpower effort is directed to the employment of minorities, i. e., has an FEPC as well as a War on Poverty flavor. This fact undoubtedly has its influence on the conclusions contained in this paper, especially that recommending pattern-centered job development.

The study revealed that the critical function, spelling the difference between success and failure, was job development. Of all the agencies and organizations that attempted to perform the function, the National Alliance of Businessmen (NAB) was the most successful, both in terms of the number and quality. Whereas the three Concentrated Employment Programs (CEP's) and the three Work Incentive Programs (WIN's) together placed less than 1,500 persons on jobs in the private sector during fiscal 1969, NAB's two chapters placed a total of 7,649 persons, 4,406 of whom were still on the job as of June 30.[3]

Michael J. Piore's distinction between primary and secondary labor markets is very appropriate for the Bay Area. He described the primary market as one that offers jobs with "high wages, good working conditions, employment stability and job security, equity and due process in the administration of work rules, and chances for advancement"; and the other as the one whose jobs "involve low wages, poor working conditions, considerable variability in employment, harsh and often arbitrary discipline, and little opportunity to advance."[4]

He further argued that one of the problems with manpower programs is their dependency upon the Employment Service for job development. "Indeed," he wrote, "the best operational definition of a secondary job is one which the employment service has in its files and is able to fill."[5]

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[2] *Ibid.*, pp. 196–205.

[3] Unfortunately, more than five of every six pledges developed by NAB were with non-contract employers, and hence beyond the scrutiny of the researchers. This fact cast a shadow of uncertainty on the quality of NAB's success.

[4] Michael J. Piore, *The State and the Poor—Manpower Policy*, October 1969. (Mimeographed) Draft of a paper prepared for the Faculty Study Group on the State and the Poor of the Kennedy Institute of Politics, Harvard University.

Piore was writing of the Employment Service in Massachusetts, but his remarks are equally descriptive of the problem in the Bay Area, except that during fiscal 1969 the CEP's in Richmond and Oakland did their own job development. They, however, did no better, and moreover are now during fiscal 1970 dependent for that function on the CSES. NAB, on the other hand, had access to the primary market, and hence developed better jobs.

Yet even the number of jobs developed fell far short of the need. None of the programs was able to accommodate even half of the number of eligible persons who sought to enroll. Nor is the prospect for the immediate future any better. In Oakland, for example, it is estimated that the number of job slots needed for fiscal 1970 will exceed by seven fold the number that NAB is targeted to develop.[6]

The most successful component of the NAB effort was the Lockheed Consortium, an amalgam of more than 40 companies led by the Lockheed Missiles and Space Company to give counseling and pre-OJT training to candidates for jobs with the affiliated firms. In other words it provides much the same kind of pre-job service as do CEP and WIN. Yet it has less than a 10 per cent dropout rate, and its graduates an 80 per cent retention rate on the job.

In fact combining the job preparation efforts of the consortium with the job development activities of NAB yields a near comprehensive manpower delivery system that conceivably could eliminate the need for CEP and WIN. Because, however, CEP, especially when the sponsor is a community action or model cities agency, affords an opportunity to the minority community to bargain over the program with businessmen and the established agencies, it should be retained, with the following changes: 1) That NAB become the principal job developer for CEP; 2) That NAB expand its efforts to include bargaining with whole industries for blocks of jobs; 3) That more effort be devoted to upgrading; 4) That the training techniques of the consortium be considered for general application; and 5) That WIN integrate its training and placement functions into CEP.

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[5] *Ibid.*, p. 38.

[6] Oakland Area Manpower Coordinating Committee, *The Oakland Area Cooperative Manpower Plan, FY 1970.*

1. Regarding the first recommendation, figures from the California State Employment Service (CSES) suggest that less than 10 per cent of the NAB placements to the end of fiscal 1969 went to CEP enrollees. It is true that employers under contract to the Government are supposed to give first priority to CEP enrollees, but apparently they often hire CEP eligibles who are not enrollees or graduates. Anyway, they provide only one in every six job pledges.

The matter is further complicated by the fact that there is a misunderstanding between the business community and CEP over how well qualified a job candidate must be and the kinds of jobs he should be expected to fill. Thus employers in the Bay Area, especially the "freebees" (as those not under contract to the Government are called), avoid hiring disadvantaged persons for NAB slots through the California State Employment Service (CSES), who performs the placement function for CEP, on grounds that the applicants referred to them are not qualified for the jobs. The job development effort by the San Francisco Chamber of Commerce for CEP during fiscal 1968, whereby the Chamber developed well over 1,000 openings, of which the CSES was able to fill less than 200, ended in mutual recriminations about the suitability of candidates and jobs.

Yet if CEP graduates are to fill jobs in the private sector, this misunderstanding must be faced squarely and resolved. It is time for the business firms associated with NAB to appreciate that the disadvantaged, whose employment in the private sector they seek to increase, is typified by the CEP enrollee. If NAB is sincere in its objective, it should become a partner and contributor to the process that results in the employment of the CEP graduate.

2. The current practice of NAB loaned executives contacting individual employers to develop job openings is on the face of it inefficient and not productive of enough jobs. Consequently it is recommended that NAB add to its current approach that of negotiating with whole industries for blocks of jobs. The experiences of organizations and agencies in the related field of equal employment opportunity attest to the value of this "pattern-centered" approach. It has already been used successfully in the Bay Area by the San Francisco Human Rights Commission to open up jobs in at least three industries; business machines, the printing trades, and the airlines. The Teamsters' Union in San Francisco, acting as a con-

sortium under an MA-4 contract, successfully negotiated a block of jobs in the city's hotel industry. It should also be tried by NAB.

3. Upgrading as it related to the disadvantaged worker can take any one of three forms: a) The movement of an employee from an entry level position to a better job with the same employer; b) The movement of the worker from the secondary labor market to a job in the primary market; and c) The restructuring of a secondary labor market so that its jobs resemble more those in primary markets.

Option B in the MA-5 contracts is the current policy instrument for upgrading of the first form in the private sector of the economy. The second kind of upgrading has not really been, but should be pushed; and it is NAB, not the CSES, that has access to the primary market. An example of the third kind of upgrading is the decasualization of employment in longshoring that resulted from the replacement of the shape-up with the hiring hall. There has been no effort in manpower policy, nor is there any recommendation in this paper, directed toward this end. Yet some thought ought undoubtedly to be given it.

4. The normal procedure in the CEP and WIN programs is to involve the enrollee in part or all of a sequence that begins with something called orientation, then basic (remedial) education and/or pre-vocational training, and finally skills training. At the end of every stage in the sequence an effort is made to place a number of enrollees on jobs.

Because, however, the enrollees while in training do not have specific job slots reserved for them, and in fact will if they are placed find themselves in a variety of jobs, the training must of necessity be general. Thus for example, a course in basic education attempts to increase the enrollees' score on the California Achievement Test, a standardized instrument for grading a person's general educational development, rather than to equip them with the specific skills in reading, writing, and arithmetic to perform a particular job. One result is a school-like environment that many of the enrollees have failed to survive in the past, and still fail to survive. Another may be that the training experience will not have eased much the problem of adjusting to the unique peculiarities of the job on which the enrollee may be placed.

In contrast training at the Lockheed Consortium is tailored to the particular needs of a specific job. The materials and equipment used in any course of instruction are those that the trainees will be working with when they join their employers. There is no formal course in basic education. A trainee is taught, as an integral part of his skills training, only those fundamentals necessary to performance of his job. Furthermore institutional instruction is restricted to four weeks. The remainder of the training, four to twelve weeks, is on the job at the facility where the trainee is to be employed.

The consortium format requires that job slots be reserved for enrollees in advance of their beginning training. Presumably if employers can do that for the consortium, they can do it also for CEP and WIN.

5. The WIN program is distinguished from CEP in its clientele, the terms under which people become enrolled, and the agency with administrative responsibility. The process whereby enrollees are brought to job readiness is much the same. What is missing from WIN is a mechanism whereby the minority community can bargain over the quality of training, the nature of job openings developed, the identity of subcontractors, etc. Were the programs to be merged into the CEP format, this omission would be corrected. What is special in WIN in such matters as referral and compensation to the enrollee could be retained.

THE IMPACT OF FEDERAL MANPOWER PROGRAMS ON THE CITY OF BOSTON

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INTRODUCTION

This paper presents some of the highlights of a much larger and continuing study of federal manpower programs in the City of Boston.[1] The chief points emphasized here are the relatively slow and inadequate response of traditional labor market and educational institutions, and the swift and partly accidental move by Boston's Community Action Agency (CAA) to fill the vacuum. This response disturbed the status quo and left a residue of antagonism and suspicion. Attention will be given also to the Job Opportunities in the Business Sector program of the National Alliance of Businessmen (NAB-JOBS), and to the Work Incentive Program (WIN). Finally an attempt will be made to appraise Boston's manpower programs in terms of whether they reach those whom they are supposed to reach, and whether what they do makes any difference.

THE BOSTON ENVIRONMENT

Since the 1950s, the population of Boston has shrunk significantly despite population growth in the metropolitan area as a whole. This decline has been accompanied by an inflow of blacks and Puerto Ricans, and an outflow of whites, leaving most of the area's nonwhites in older, more dilapidated sections of the core city. The core city also has a disproportionate share of the area's poor of all races and ethnic groups.

Over the same period job opportunities in Boston proper have been concentrated increasingly in white collar occupations requiring at least a high school diploma. In contrast, the growth of desirable blue collar jobs has occurred largely in suburban communities not easily accessible to the disadvantaged in the core city. Many of the manufacturing plants which have remained in Boston are those which tend to rely upon an unskilled low wage labor force.

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[1] Being conducted for the Office of Evaluation Manpower Administration, U.S. Department of Labor. The views expressed are those of the authors alone and in no way represent those of the Department of Labor or any of its components.

Overview of Boston's Manpower Programs and Institutions

Two old-line institutions, the Massachusetts Division of Employment Security (MDES) and the Boston School Department (BSD), along with a newer organization, Action for Boston Community Development, Inc. (ABCD) are responsible for most of Boston's federally financed manpower programs, with the exception of NAB-JOBS. ABCD is sponsor and administrator of Boston's Concentrated Employment Program (CEP).

Recruitment, counseling, referral, and placement services for the disadvantaged are major responsibilities of the MDES and ABCD, with the latter also engaged in active outreach and follow-up. Skill training is provided by both the BSD (MDTA) and ABCD. ABCD's services are provided in a network of a dozen neighborhood employment centers (NECs), partly staffed by outstationed MDES personnel, and in four orientation or skill centers (OCs), all located in poverty areas. In addition, ABCD runs four work-experience or -creation programs, namely, out-of-school Neighborhood Youth Corps, New Careers, Adult Work Crew, and Foster Grandparent. In-school NYC is a responsibility of the BSD; WIN is a joint responsibility of the MDES and the state's Department of Public Welfare; the summer youth employment program has been variously handled in combination or separately by the BSD, ABCD, the Mayor's office and NAB-JOBS. NAB-JOBS, the latest of the work-creation programs, is under the jurisdiction of the Boston NAB office, but it makes use of the services of both the MDES and ABCD.

Sluggish Response of Traditional Agencies

Neither the MDES nor state vocational educators moved with much haste to implement the MDTA or to serve the disadvantaged. The MDES made no special efforts to recruit and counsel the hard-core or develop meaningful employment opportunities for them, nor did it open offices in poverty areas. Job seekers, regardless of their competitive position in the labor market, had to seek out one of the MDES' large downtown offices. Vocational educators for their part did not provide easy-to-reach prevocational training that would equip the disadvantaged with work habits and basic skills essential to finding and keeping decent jobs.

In 1965–66 MDES opened two Youth Opportunity Centers (YOCs), and later introduced the Human Resources Development program (HRD), but both endeavors were and remain marginal contributions in terms of proximity to ghetto areas and in terms of identifying with, or offering exceptional help to, the disadvantaged.

The new manpower programs required the MDES to shift from a philosophy of meeting employer needs and specifications to one of raising the employability of workers and persuading employers to adjust their requirements to those of the unemployed. Understandably, there was resistance and an inability to adjust to this new philosophy, particularly by those with memories of the loose labor markets of the 1930s and of employer reservations about using the Service, and awareness that rewards tended to be based on the number, rather than the quality of placements. Low salary scales and anachronistic civil service regulations were said to have hampered the recruitment and retention of bright young college graduates.

Similarly, although the BSD's vocational educators opened an MDTA multi-skill center in the fall of 1964, which offered occupationally oriented basic educational and communication skills, there were no outreach or follow-up services, nor is the skill center in the "ghetto" or in a CEP target area. Rather, it is in a white working class district considered inhospitable to blacks and geographically distant from black neighborhoods. No attempt was made to consult with local citizens about the site of the MDTA center, and certainly not with the black community or other disadvantaged, low income groups.

The BSD was said to be handicapped by a conservative, parochial staff which opposed change and denigrated vocational education. The BSD does not have a reputation for progressiveness or originality, while the state vocational educators were reluctant or unable to bypass local authorities or pressure them to act.

The Origin and Evolution of ABCD

ABCD was organized in the early 1960s as a semi-official body whose purpose was to win community support for urban redevelopment by solving the "human problems" of dislocation. The quest for dependable financing and the discomfort of being caught between a city administration anxious for redevelopment and residents anxious for stability soon diverted ABCD's attentions to juvenile delinquency when money became available from the Ford Foundation and the President's Committee on Juvenile Delinquency.

The War on Poverty drastically redirected ABCD, transforming it into a community action agency, which it became officially in May 1965, after agreeing to add community representatives to its Board of Directors.

The large infusion of anti-poverty funds, rapid staffing, and the creation of neighborhood action agencies (APACs) to meet the "maximum feasibility" requirements of the EOA created administrative chaos and internal upheaval. The turmoil led to the resignation of ABCD's executive director at the end of 1965, and to the appointment the following spring of a successor with a successful background in manpower programs. He brought along a team of experienced administrators, including a new manpower director, who thrust ABCD directly into an ambitious manpower effort. ABCD promptly opened NECs in a number of slum areas, and was preparing to open neighborhood training centers (the OCs), conceived as substitutes for MDTA institutional programs, which the ABCD staff felt neglected the special needs of the disadvantaged.

ABCD's new manpower program was an integrated one, combining outreach, preparation for employment, and placement, and was directed toward the ghetto male. Its establishment coincided with the introduction of the HRD program. Since the MDES had few facilities in or near the slum areas, a working arrangement was negotiated between ABCD and MDES in which MDES agreed to help staff the NECs. The experience of ABCD's new leadership, and the prompt establishment of an integrated manpower program, including the string of NECs in slum areas, put ABCD in a strong bargaining position to be awarded a CEP contract in July 1967.

When the new executive director and his manpower director left ABCD in 1968, taking with them their team of top administrators, ABCD's structure and size had been set. The previous administrators left a legacy of decentralization, which they had encouraged, and which has intensified under the current administration.

Despite its accomplishments, ABCD has administrative weaknesses: high staff turnover, difficulty resisting pressures from neighborhood organizations (the APACs) for more authority and money, difficulty obtaining compliance from delegate (subcontracting) agencies and at times from its own subordinate bodies and a dislike for systematic record keeping. Decentralization, to an outsider, may have weakened ABCD's ability to deal with delegate bodies, to obtain operating information from them, and to ward off grass root pressures for preference in hiring that could be detrimental to staff competency. However, many of these frailties emanate from outside ABCD in whole or part.

The Latest Arrivals—NAB-JOBS and WIN

JOBS was beset by a series of difficulties from the beginning. Its first Metro Director's professional career prevented a full-time commitment to the program. The volunteer job solicitors from business differed greatly in ability, experience, status, and the amount of time they could give. The poor image many employers had of the MDES hampered the efforts of the outstationed MDES personnel who were responsible for job development.

Additional problems afflicted efforts to negotiate Manpower Administration (MA) contracts. There was pressure from Washington to show results. Contracts were written hastily. Jobs were included without being investigated and essential supportive services overlooked. ABCD, officially the main supplier of manpower services in Boston's slums, was bypassed. The appointment of a new Metro Director in the fall of 1968 led to an emphasis on the quality of job opportunities, even if limited in number, on the grounds that poor jobs only discredit the program, and that large numbers of pledges are meaningless if employers do not hire people any different than those they ordinarily hire, or if they offer the disadvantaged jobs they could get by themselves. The preoccupation with quality has led to inattention to JOBS' noncontract side.

ABCD representatives are now being introduced at early stages of contract negotiations so that they can informally screen contracts and explain the organization's services to business. ABCD also has been given recruiting responsibility to ensure referral of the seriously disadvantaged. Finally, the new Director is shifting job development from the MDES unit assigned to NAB-JOBS to the business volunteers who obtain pledges.

However, the number of firms and trainees under contract still is small. By November 1969, there were just 28 such companies responsible for fewer than one thousand cumulative enrollments, of whom about three-fifths were still in training. Moreover, the internal reorganization has not been fully consummated, nor has ABCD been successfully integrated into the program's screening and referral phases.

The WIN program did not start in Boston until the winter of 1968 because of funding delays, initial confusion about eligibility and referral priorities, and the inability of already overloaded welfare workers to contact potential enrollees. By the end of November 1969, only about half of the over 1,800 cumulative enrollees had been placed in training or school or directly on a job, and fewer than a hundred had finished their employability plan and had been placed.

Institutional Conflict

Despite accommodating *modus operandi,* organizational rivalry has become woven into the Boston manpower web. As a major provider of manpower services, ABCD has been a disturbing institution for established agencies. Both it and the MDES are uneasy partners in slum areas, mutually suspicious and resentful. Ill will also exists between ABCD and the BSD, because of their competing training systems. Both the MDES and the BSD look upon ABCD as an unprofessional interloper, who has jumped into their respective jurisdictions. Conflict has arrayed ABCD on one side and the MDES and BSD on the other, and has helped drive a wedge between ABCD and NAB-JOBS.

Among the causes of the conflict are the jurisdictional inroads of ABCD, made when its NECs assumed recruiting and placement functions belonging to the MDES, and its OC's assumed training functions belonging to the BSD under the MDTA. Jurisdictional challenges are just one root of the strife; there are also differences over which organization, given its history and the background of its staff, can serve the disadvantaged, particularly if black or Puerto Rican. In the background are the doubts of nonwhites about the sincerity of white middle-class institutions.

In turn, OIC, a completely nonwhite organization which prides itself as community based and criticizes ABCD for implementing programs "handed down from above," is uneasy about its financial dependence on ABCD, but shares its opinions of the traditional agencies. OIC's uneasiness seems to come from the similarity between its and ABCD's programs, which ultimately must vie for the same clientele and funds, as well as from its doctrine of self-reliance.

The early estrangement between NAB-JOBS and ABCD reflected the doubts about ABCD held by the first Metro Director and by the supervisor of the NAB-MDES unit. The Metro Director's skepticism reflected the opinions of the Black United Front, a coalition of black community organizations hastily formed after the assassination of Dr. Martin Luther King, which contemptuously regarded ABCD as a patronage plum for white politicians. Under the present Metro Director, the relationship between ABCD and NAB has improved considerably, but there has been conflict between ABCD and MDES over their respective roles within NAB.

Have inter-agency disputes impaired programs? *A priori,* feuding must have a cost, if only the energy and attention of top staff. Serious conflicts have been transmitted to the operational level. One was OIC's refusal to accept MDES interviewers and counselors; it is not obvious that OIC has suffered. Another was reluctance of the NAB-MDES unit to cooperate with ABCD. Here conflict seems to have been detrimental. Finally, ABCD-MDES rivalry has contributed to a mutual boycott of their respective training programs, although the questionable location of the MDTA multi-skill center and the BSD's alleged indifference also are to blame. Yet the same feud has not prevented cooperation between MDES and ABCD personnel in ABCD's NECs, OCs, and its downtown headquarters. Even without special training, MDES personnel have performed commendably in the NECs and OCs, and despite some initial frictions, now are accepted (although the OCs are disappointed with the inability of MDES placement interviewers to develop jobs.)

EVALUATION OF SPECIFIC FUNCTIONS

A. *Placement.* The key agencies responsible for placing the hard core are the MDES through its HRD program and its outstationed personnel, ABCD through its NECs and OCs, and OIC.

The limited evidence available suggests that although ABCD serves fewer people than the MDES, a higher proportion of those ABCD reaches are disadvantaged or severely so. Moreover, on balance, ABCD may find better jobs for this group. Regular MDES offices seem to serve more blacks than the NECs, despite their more favorable location, their outreach, and their more empathetic "culturally" attuned staff. However, nearly 40 percent of the MDES' referrals are to casual domestic jobs. Still, the NECs' efforts are constrained by limited resources for job development and the physical inaccessibility of better jobs outside core areas.

Without elaborate outreach it is debatable whether regular MDES offices really do reach many seriously disadvantaged nonwhites. Without elaborate follow-up services it is also doubtful whether such offices can give them much lasting help even if they do reach them.

The HRD approach is used at the discretion of individual placement interviewers, prompted, presumably, by line supervisors. Moreover, although a nod is given to the quality of service rendered applicants, it still has to be demonstrated that the number of transactions no longer determines individual advancement, or the size of budgets and staff. Nonetheless, the MDES is convinced that not only do its conventional offices place more disadvantaged nonwhites than the NECs, but that given its professional expertise, it could do a better job more efficiently with the same money.

An extreme view is that MDES has neither the resources nor the experience to help those who most need help, because of a long tradition of "creaming" and giving priority to employer needs, and because of an overriding concern about the numbers placed, not the kind of placement.

However, this is too harsh an evaluation of the MDES. Not all of the failure to open employment offices in poverty areas or to aggressively serve the disadvantaged can be blamed on inertia or indifference. Various external factors may have prevented the MDES from showing its full mettle. Not the least of these were limited federal financing of the HRD program, and the haste with which the by then amply financed ABCD opened NECs in poverty areas. Moreover, the MDTA originally did not include outreach nor contemplate the training of disadvantaged ghetto residents. There also is the performance of the outstationed ES personnel to show that, given the chance and the conditions, they can serve the disadvantaged well and in poverty areas. Finally, public criticism of the MDES comes from nonwhites; it is not known whether disadvantaged whites feel the same way.

B. *Training*. The chief training programs are institutional ones given by ABCD, the BSD, and OIC. ABCD's programs are limited in duration to a maximum of fifteen weeks and are aimed at raising the disadvantaged to entry level capabilities. The OCs make a special effort to develop jobs in advance of graduation and have developed special training programs for specific employers for this purpose. The fact that about four-fifths of the trainees who do not drop out of the program are placed before graduation suggests notable success.

As a means of training and placing the disadvantaged, MDTA institutional training has limitations. These are relatively long courses, minimal job development and supportive services, no direct links to slum areas, and the tarnished reputation of the BSD and the MDES among blacks. The MDTA programs best serve well-motivated individuals with middle class values who are underemployed or unemployed, whose chief need is training, and not the untrained, poorly educated person with a spotty, intermittent work history, and no skills.

OIC's strength is in its philosophy of self-help, and its grassroots ties with the black community. Its orientation courses, for example, try to instill racial pride and self-reliance. In Boston the OIC has a devoted staff and an aggressive, self-confident director with administrative ability. OIC courses seem to have fewer openings and somewhat higher retention rates than ABCD courses.

C. *Job Creation and Work Experience*. Out-of-school and in-school NYC, the summer youth employment program, and Foster Grandparents, but not Adult Work Crew, provide little or no occupational preparation; several are unconcerned about the quality of their work experiences; and a few have been bedeviled by dropouts.

MDTA-OJT has neither created jobs, opened many good ones, nor employed many workers, let alone the disadvantaged. With significant exceptions, there is little evidence of systematic training or supportive services, and considerable uncertainty whether contractors changed hiring standards and practices.

On paper, the non-contractual side of NAB-JOBS appears to have resulted in the employment of a large number of persons, but the Metro Director questions the reliability of the figures and the quality of the jobs. In contrast, the contractual side of NAB-JOBS, appears to have opened for the disadvantaged "good" jobs, formerly inaccessible, with prospects of advancement and effective on-the-job training as well as supportive services, remedial education, and work orientation vital for success.

The current Boston NAB policy of emphasizing the quality of jobs suggests that the disadvantaged employed under MA-4 contracts should have better jobs than those employed under MA-3 contracts, while those employed under MA-5 contracts now being negotiated should fare better. Nevertheless, the number of jobs and trainees under MA contracts is small. Concentrating on "quality" jobs may have the long run benefits of demonstrating that worthwhile opportunities do exist for the hardcore, and of providing standards for other employers to emulate. However this strategy limits the numbers helped, and can discredit the program in the eyes of employers if the definition of a "good" job becomes arbitrary.

CONCLUDING OBSERVATIONS

Given the overall need, the number who have benefited from federal manpower programs in Boston has been small and undoubtedly not all have been disadvantaged, or if disadvantaged, seriously so. Second, despite its weaknesses, ABCD filled a critical void at a critical time, a void left by established institutions. Moreover, ABCD's challenge has served as a catalyst forcing other organizations to re-examine their policies.

It is doubtful whether as many of the disadvantaged would have been reached or helped without ABCD. As a comparatively young organization free from civil service requirements ABCD has been more flexible and innovative than the older agencies. At present ABCD is the *only* manpower organization experienced in the operation of a variety of programs and having neighborhood connections. ABCD opened NECs and OCs in poverty neighborhoods, and employed community residents for outreach and follow-up.

In contrast, the MDES was distrusted by ghetto residents, had no permanent offices in Boston's slums and apparently no plans for any. The BSD had an equally poor image and seemed incapable of reaching the disadvantaged. MDTA programs apparently were designed for the better educated and motivated. The MDTA skill center, despite courses in basic education and communication skills, was poorly located for use by disadvantaged blacks and dependent on the MDES for recruitment and placement. However neither the center nor the MDES had intensive outreach or follow-up capabilities.

The importance NAB-JOBS, as well as ABCD, places on the quality of job opportunities rather than the number poses a critical dilemma that has not been squarely faced; namely, what is the optimum qualitative mix of jobs and clientele? On the one hand, refusing to refer the disadvantaged to "poor" jobs protects the reputation of community-based agencies and helps the poor escape the trap of economic isolation. On the other hand, a preference for quality jobs requires more intensive and expensive job development, and may preclude helping the most disadvantaged who might be unable to obtain even unskilled work on their own. A program that seeks the most disadvantaged for the best jobs cannot succeed unless a great deal of money is provided or some extraordinary training panacea devised, or manpower agencies become much more efficient.

DENVER'S MANPOWER PROGRAMS *

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Though it has all the familiar complexities of metropolitan and political and economic structure, Denver is the most compact and least complicated among the major cities being studied. As such, it provides a useful contrast to the more complex environments and the more serious problems of Boston and the San Francisco Bay area.

EMPLOYMENT

Wholesale and retail trade is the most important source of employment in Denver, followed respectively by government, services, and manufacturing. Even though manufacturing, particularly of durable goods, is the fastest growing sector of Denver's economy, the Denver metropolitan area has a greater proportion of its employment in white-collar and sales occupations and a much smaller proportion in blue-collar occupations compared to the United States as a whole.

Of special interest is the expansion of research and development activities in the Denver area. Colorado ranked fourteenth among the states and territories of the United States in dollar volume of federal prime research and development contracts in fiscal 1965.

MINORITY GROUPS

Typical of western cities, the largest unassimilated minority group in the Denver population is that classified as persons of Spanish surname and more familiarly known as "Chicanos." Negroes, American Indians, and Orientals are the other groups considered as minorities, with the majority lumped together as "Anglos."

In 1960 Spanish-Americans and Negroes represented 94% of the minority population and 16% of the population of Denver City and County.[1] They live in every census tract in the city and county of Denver but with the usual concentration in a few tracts.

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* The research from which this paper is drawn was performed under contract with the Office of Evaluation, Manpower Administration, U.S. Department of Labor. That office assumes no responsibility for the conclusions reached.

[1] Derived from U.S. Bureau of Census data; 1960.

While the economic conditions of Denver's minorities compare favorably with those of other cities, the fact remains that they are "proportionately . . . the poorest, sickest, least educated, least trained, least represented, and most unemployed and underemployed and the most convicted people in the community." [2]

POWER STRUCTURE

Denver, a city once dominated by mining interests and later by industrial interests like Colorado Fuel and Iron, is now a city with no identifiable power structure. The mayor's office is the only unifying force, and the tradition of nonpartisan elections has given political machines a personal rather than party coloration, limiting their survival. Although the advent of the manpower and antipoverty programs has provided some dollars and patronage for which Negro and Spanish-American organizations compete, gaining political experience in the process, the "politics of poverty" is of no direct significance in the Denver political scene. Thus, despite its relatively small size, diversity is the key to understanding Denver—diversity in its economy, in its political structure, and among its racial and ethnic groupings. This same pattern is apparent throughout its manpower programs and agencies.

MANPOWER PROGRAMS

Beginning with MDTA in 1962, NYC in 1965, CEP, WIN, and NAB-JOBS in 1968, the city of Denver now exhibits the usual complement of program activities. The impact of these programs on some parts of Denver has been substantial. The impact of Denver and its public institutions on the programs has been questionable.

A total of 8,700 were enrolled in Denver Manpower programs during the fiscal years 1966 to 1968; however, 6,000 of these were NYC enrollees who received no more than rudimentary work experience and most of whom spent only relatively short periods of time in the program. In fact, only 2,000 persons in those three years were enrolled in any programs which attempted to provide basic education, skilled training, or structured work experience. Enrollments in the older programs have been decreasing, but with the advent of CEP and WIN, some 2,500 people during 1969 will have received some kind of service from programs funded by DOL and HEW under the provisions of MDTA, EOA, and Title IV of the Social Security Act. It was accidental and hardly rational that both CEP and WIN were added in the same three-month period during the summer of 1968, following immediately upon the advent of NAB-JOBS. To be asked to staff and launch simultaneously programs of this size for overlapping target populations was a large order for any city and was bound to generate confusion.

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[2] Helen L. Peterson, Director, Commission on Community Relations, *The Model City Program's Challenge to Denver's Human Relations,* Model City Program Application, Appendix 1, p. 2.

A key feature of Denver's manpower programs has been the lack of any integrated network or system of manpower services. Rather, there is a variety of separate and largely unrelated programs with little impact on each other. Even those run by the same agency evidence a remarkable separatism. Neither the City of Denver, which is the designated sponsor of the NYC and CEP programs, nor the Colorado Employment Service, which is playing a key role in all programs, nor the CEP program, which was to serve as an umbrella organization for manpower programs, has in any real sense served to tie the programs together or to transfer favorable experience from one program to another.

Except for an independent and short-lived but noble effort prior to NAB/JOBS and the limited success with NAB, the private employers of Colorado and Denver have remained aloof from the manpower programs.

Denver is also different from the other cities in that the Spanish-American groups such as LARASA and SER have been more active and more successful than blacks in establishing and operating manpower programs. In Denver, the Urban League, NAACP, and OIC have not played a major role in the manpower scene.

INSTITUTIONAL IMPACT

It is difficult to describe the impact of the manpower programs on public institutions in Colorado and Denver. The attitudes of public institutions are less hostile than was formerly the case, but it is doubtful that any great protest would arise from curtailment of manpower programs. The City of Denver, through the Mayor's Office, embraced two major manpower programs but nurtured neither. Like most school systems today, Denver's places great emphasis upon preparing its students for college without providing equal facilities for those who desire vocational and commercial training. The city for many years has maintained skill training facilities outside the formal educational system, but these facilities have only been capable of handling a fraction of the total need. Thus, the major efforts of the public education system have been aimed at a level of limited usefulness to the majority of the disadvantaged. The chief executives of the State Department of Employment and the State Employment Service consider service to employers as their primary obligation and are frank to say that they consider the emphasis on the disadvantaged to be misguided. It is their conviction that maximizing the employer's satisfaction will bring in more job orders and, in the long run, serve the disadvantaged (as well as the advantaged) better than concentrating on applicant needs would do. Emphasizing the disadvantaged, they argue, will just send the employer elsewhere for his recruiting.

Despite the top-level ambivalence within these major institutions, there is a clear tendency for the operating units in direct contact with the target population to become enthusiastic in support of their particular programs and increasingly successful in meeting the needs of their disadvantaged clientele. The Employment Service provides a case illustration. Commitment toward "screening in" rather than "screening out" the disadvantaged is gradually making itself felt, beginning with ES personnel "outstationed" in CEP and other antipoverty agencies, and those engaged in outreach efforts through the Youth Opportunity Centers. This reorientation appears to be spreading upward and is most recently reflected in the ES role in the WIN program. Old habits cannot be eradicated overnight, but the message is beginning to work its way up from the front-line organizations of the ES to the higher echelons, at least in the Denver office.

PROGRAM EVALUATION

To state that CEP need not be evaluated as an overall program is to allege that it has not accomplished its original intent to become a coherent manpower program. It is a collection of separate and discrete programs whose commonality is a central funding, recruitment, orientation, and referral source.

As CEP programs go, Denver's probably can be considered as a success. The program was initiated without delays, the staff is competent and dedicated, the facilities are adequate, and no difficulty has been encountered in recruiting enrollees. As a response to the lack of advance consultation, the program has not enjoyed strong support from other indigenous organizations among the black and Chicano communities. However, this lack of support has not proven a serious handicap. The biggest shortcomings of the CEP program is the lack of emphasis upon basic education and vocational training for the enrollees. Almost of equal importance is the lack of private job placement for the enrollees.

The CEP-Mainstream program in Denver has been both successful and innovative, given limited objectives. Drug addicts, alcoholics, and others with the most difficult employment handicaps were placed into work experience slots. This program provides strong support for the conclusion that there are very few unemployables among the hardest of the hard-core, given proper assistance.

The CEP-Work Training and Experience program has operated essentially as an NYC without age restrictions. It has been primarily a holding operation until a better disposition could be found for most enrollees. Without this component, the CEP would have been in trouble because over 600 of the nearly 1,100 persons who entered orientation have spent some time in a WTE slot.

The Latin American Research and Service Agency (LARASA) has been an important part of the manpower scene in Denver. It has been an important training ground where Mexican-Americans have gained experience and expertise in the manpower field before moving on to employment in other agencies. LARASA has been the largest and most successful sponsor of on-the-job training in Denver, managing to fill and refill its 400 OJT slots through contracts with over 100 companies. However, most of the slots have been for low-level jobs characterized by high turnover, which might well have employed similar employees without reimbursement. With the advent of the JOBS program and its higher allowances, LARASA has found increasing difficulty in negotiating conventional OJT contracts.

Of all the programs attempted in Denver, CEP-New Careers probably experienced the least success. Slots were difficult to develop except in the welfare department; the preliminary training provided was probably counter-productive; career ladders were not developed; turnover among the enrollees was high; and there was almost no indication of movement into permanent jobs. CEP has decided to drop the New Careers programs, as well as OJT, as a result of these experiences.

The in-school NYC program has undoubtedly assisted some youngsters to stay in school, and the out-of-school program has provided limited work experience and income to the enrollees. A review of the experience shows high turnover in the out-of-school program and work stations which had limited meaning as a source of work experience. However, the exposure of the disadvantaged youngsters to the public and nonprofit institutions and exposure of the people in the agencies to the youngsters enrolled in NYC was no doubt beneficial in bridging the gap between the Anglo-dominated institutions and the minorities.

The Denver WIN program, which shifted responsibility for employability programs for welfare recipients from Welfare to the Employment Service and replaced the old Title V program, got off the ground fast; and from an administrative point of view is probably one of the best WIN programs in the country. Operating at a scale of 800 slots with a total budget of over $1,000,000 during its first year, the program represents a sizeable increase in the total activity in Denver.

Problems were encountered—there was confusion in following federal guidelines; enrollees did not receive physical examinations on schedule; a serious lack of day-care facilities for children soon developed; and enrollees were reluctant at first to work with an agency other than the Welfare Department. Yet all these and other problems encountered seem minor, viewed in contrast with Boston and the Bay Area experience.

The WIN program operates like most other programs in that there is little real relationship between it and other manpower programs. Initial job placements were high, with over 200 people placed. However, all had prior work experience, and most would probably have gotten jobs on their own, sooner or later. Hence, it is still too early to determine whether or not the program is upgrading the skills and income of the enrollees. However, the dedication of the staff is evident, and staff members have made use of all its considerable flexibility available to them to adapt services to enrollee needs.

Institutional training under MDTA, begun in December 1962, enrolling over 2,260 individuals through fiscal 1968, has provided good quality training. The placement average for those graduates who could be located was 78% for Denver, compared to 77% for the state of Colorado and 75% for the nation. The programs, funds, and enrollments have supported both public and private training institutions in occupational courses which prepared enrollees for the most part for jobs in the Denver labor market. Such data as are available on MDTA for recent years indicate that approximately 39% of the enrollees in the Denver MDTA program were from the disadvantaged minorities—15% black, 19% Chicanos, with the remainder drawn from American Indians and Orientals—suggesting but not proving underenrollment, particularly among the Spanish speaking.

Denver launched the equivalent of the NAB-JOBS program before the national program began but has never related well to the national organization. The original action committee composed of the city's top businessmen was initially highly motivated but changed drastically over a short span to become an uninvolved, critical, generally uncooperative group. Further, the relationship of NAB-JOBS with the public manpower agencies has not been strongly cooperative.

SUMMARY

In an overall evaluation of Denver's Manpower Programs, one conclusion seems paramount:

There is no cohesiveness, no central direction to Denver's manpower efforts. Each general program, and even units within the same general program, such as CEP, operate for the most part independent of other programs. To date, communication, cross referral, and usage of one agency of another agency's services have been minimal, preventing the development of a common front among the various groups in meeting the problems of the disadvantaged. Neither the City of Denver nor the State of Colorado have to this point shown an interest in or a capability to provide central direction. Despite its role as NYC and CEP sponsor, the City of Denver has left both programs operating autonomously with no one to report to in city government. Presumably, the mayor's office might reach the point that it could handle the assignment if the present low salary schedule of the city government could be waived to enable the hiring of a competent manpower planning staff. Since the state capital is also located in Denver, as well as the regional office of the Department of Labor, and since the metropolitan area has over half the state's population, a manpower planning and coordinating unit established at the state level could serve Denver's needs as well. At present, it would not appear wise to give prime responsibility in a planning and coordinating effort and supremacy over other agencies and institutions to the Colorado Employment Service or any other presently operating agency. Such central direction would be acceptable by all only if it in some way emanated from the office of governor or mayor. To do the job effectively would require a major change in these political institutions, but the alternative is the present separation.

MANPOWER PROGRAMS IN FOUR CITIES: SOME CROSS-CITY COMPARISONS *

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Introduction

The task of this paper is to briefly set forth general conclusions and intercity comparisons emerging from an analysis of manpower programs operating in Boston, Denver, Oakland, and San Francisco. It is intended to follow separate papers that describe and review programs within each city.

This attempt at total city review requires heavy reliance upon judgemental analysis; criteria and tools for assessing program or institutional effectiveness and community impact are still lacking; data problems are considerable, and experience has been brief—confined mostly to the last four or five years. Those who try to assess the effectiveness of present manpower programs in one or more cities must readily acknowledge the complexity of the problems, institutions and services they seek to evaluate and the uncertainty of the environment surrounding manpower programs.

Each city reviewed here is both very different from all others in some respects and very much the same in others. Each city has a sizable reservoir of people needing manpower services although the size of the pool is not known. In the absence of adequate data, but after reviewing available data we are inclined to conclude that the seriousness of the unmet needs correlates with city size. Each city has a full complement of programs and institutions. The institutions vary greatly in their respective roles, commitments, and techniques in administering the same program. The program mix while very different from city to city in earlier years is more nearly the same in the last two years with the advent of JOBS-WIN—and to a lesser degree CEP. For example, NYC has been one of Denver's largest and by some standards more successful programs while NYC has been a much smaller and less successful program in Boston. California cities have made relatively greater use of MDTA institutional training, etc.

While it is exceedingly difficult to place in proper balance the

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* This study was financed under a contract with the U. S. Department of Labor, Manpower Administration, Office of Evaluation. That office assumes no responsibility for the conclusions reached.

similarities and differences in the programs and institutions among the cities, comparisons can be made for institutions, programs, and functional services.

A. *Institutions.* The major institutions involved in administering manpower programs at the city level are: (1) public employment service, (2) schools, public and private, (3) community action agencies, (4) community organizations such as OIC, Urban League, SER, (5) private and public employers.

Our study of the Public Employment Service indicates that there are vast differences in philosophy and commitment in the three states, but all demonstrate to some degree both the difficulty of reorienting old line institutions to accomplish new objectives and the success that can emerge. Progress in Massachusetts has been limited, but the lack of progress provided an opportunity for the community action agency. The Colorado Employment Service, while lacking commitment to serving the disadvantaged has actually moved a considerable distance to serve the needs of disadvantaged people in spite of doubts about programs and policies.

The California State Employment Service in the San Francisco-Oakland Bay Area moved to serve the disadvantaged before the new programs came into being and seems to have become the mainstay of most manpower programs in that area. In summary the Employment Service in the Bay Area has changed greatly, that in Denver moderately, and Boston very little. There are, however, front line examples of excellent service by Employment Service personnel in all cities.

Our examination of school sysems is limited to manpower program activity. Like the Employment Service, public schools have accepted nearly every available program opportunity and have made significant progress in providing specific programs in basic education, language and skill training. Here again the changes must be considered as limited, with very little progress in Boston, but with somewhat greater achievements in Denver and the San Francisco-Oakland Bay Area. In no case can it be said that the programs have had any appreciable impact on the total school system other than to reinforce current needs for more vocational and technical education. Manpower funds have not given rise to a great expansion in private schools. Such schools, especially in Denver and the San Francisco-Oakland Bay Area, are participating in manpower training.

Probably the most interesting agency contrasts are provided by the community action agencies. These differences are largely covered in prior papers. The CAA is almost indispensable to successful programs in Boston, an important innovator in San Francisco, a questionable asset in Oakland, and of no significance in Denver. These striking differences are best explained by leadership, countervailing responses, and philosophy of the CAA in pursuing the conflicting objectives of organizing the poor, providing services, or bringing pressure to bear on existing agencies. From the vantage point of manpower programs, the major contribution, where it can be identified as in Boston, is in providing needed services.

Community organizations play an important but unclear role in all four cities. The OIC's are important in Boston and Oakland, but not in Denver or San Francisco. Spanish speaking organizations are very important in Denver, Oakland and San Francisco, but not among the Puerto Ricans in Boston. Denver has no significant program run by a black organization even though there is a fledgling OIC and an Urban League. These vast differences from city to city are largely determined by the leadership in the minority groups, and the response or nonresponse of public agencies to pleas for minority run programs. The primary characteristics of these programs are the segregation of enrollment along racial lines, and the instability of leadership patterns reflected in high turnover in staff.

The lack of strong involvement by public or private employers is one of the characteristics which all cities share in common except for the isolated cases mentioned in the discussion of the NAB-JOBS program. Employers have not been a major force in demanding that public or private institutions serve the disadvantaged with manpower services. On balance, private employers rate more favorable marks than do units of government as employers in demanding services for and in offering jobs to the disadvantaged.

B. *Programs.* Comparisons of individual programs with summary conclusions are complicated at best and of limited value unless all appropriate qualifications can be noted. Lacking space for a full discussion, a few conclusions are nevertheless presented here to give overall impressions on the major programs operating in the four cities.

The examination of training under the Manpower Development and training Act (MDTA) shows high placement rates for enrollees completing training, high dropout rates during training, and the review of enrollee characteristics indicates that the program serves primarily non-disadvantaged due mainly to the "built-in creaming" tendencies of both Employment Service and school personnel. There are increasing tendencies to serve the disadvantaged as more referrals are made from CEP and WIN enrollees.

The Work Incentive Program (WIN) is difficult to evaluate because in no case has there been more than one year's experience. Placements thus far have been few and largely confined to people who could get jobs anyway. Too many enrollees are receiving little more than counseling. Attendance in training programs for WIN enrollees is poor, and the referral and enrollment process is slow. Denver's WIN program appears to be the most successful. Boston's is moving slowly. The program in the San Francisco-Oakland Bay Area has been plagued by interagency conflict. The major lack appears to be success in providing meaningful training and services for male heads of households.

This analysis of programs must conclude that the work experience programs have contributed very little to improving employability in any city. The most successful NYC program in Denver cannot claim to have given other than income to enrollees. There is considerable evidence to show that the Work Experience and Training Program (Title V) accomplished little anywhere. For the conceptually appealing New Careers program, there are few success stories in any of the four cities. The most successful work experience program has been Mainstream whereas in Denver and Boston the program has been used to rehabilitate drug addicts and alcoholics.

A review of NAB-JOBS shows the limited nature of employer commitments and the narrow base of support within the private sector. Less than one to two percent of the employers in any city are involved in the program. There are a few firms who are doing new and promising things to successfully hire, train, and retrain the hard core unemployed. These successful efforts, however, depend on a continuation of tight labor markets. In no city have all the available JOBS monies been committed to contracts with private employers. Boston has the best NAB-JOBS program while the programs in the other three cities appear to be faltering. The relative success of the San Francisco program is due to the activities of one firm.

The Concentrated Employment Programs (CEP) share little that is common from city to city except the program name. Each CEP is a collection of disparate and largely autonomous programs. The programs have experienced high turnover in staff and in some cases a degree of political turmoil that is too disruptive to permit an effective delivery of services. The Boston CEP, run by ABCD is the best because it concentrates funds on fewer components and on more meaningful training services. The Denver and San Francisco programs have been innovative and can claim positive results even though too much money is spent on services of limited value. The Oakland CEP subcontracts almost all of its service functions and can hardly be said to exist as an entity.

C. *Functional Services.* This study of manpower programs in four cities leads to the conclusion that the list of possible manpower services can be grouped into those of primary and secondary importance. The essential and primary services are: (1) basic education, including language training for those whose native language is not English, (2) skill training in a marketable occupation, and (3) job development to assure jobs and placements at the end of the program. All other services are of secondary importance, and some services such as outreach, counseling, testing, and orientation appear to be far less valuable than the emphasis now given them. Furthermore, we are inclined to suggest that work experience programs are clearly least productive and most expendable.

CONCLUSIONS AND RECOMMENDATIONS

It is difficult to find measurable positive results and trouble-free administration when examining manpower programs in these four cities. The studies reported here concentrate on problems. It is well to remember that we are studying from one to six years of experience in a new field trying to solve the labor market problems of long neglected populations. Creating new institutions and reorienting old institutions has proved to be as difficult as the textbooks would suggest.

The best evidence for the worth of manpower programs is seen in the fact that the numbers seeking to enroll exceed the resources. The enrollees are probably the best judges of the worth of the programs.

A period of trial and experimentation was necessary, but at present, there are clearly too many different programs and some should be eliminated. These studies confirm the advisability of replacing many individual programs with a system for flexibility adapting functions and services to individual and community needs. All efforts to link services through such devices as CEP, or a broader employment service role have not overcome the development of separate, isolated and autonomous programs. The focus is the program and not the enrollee. The WIN program shows some promise in overcoming this problem.

Present annual contracting and funding procedures inflict such uncertainty that program enrollments fluctuate wildly, overtaxing capacity in some periods and leaving facilities idle and instructors without jobs while eligible and needy people await service. Much greater attention and effort is required to train and employ competent staff for administering programs in the years ahead. The impact of manpower programs on labor market and community institutions has been larger than the impact on the labor market itself, suggesting that even with greater efficiency the level of program activity must be greatly increased. Manpower program budgets for each of these cities are only a small fraction of the budgets for higher education to cite an irrelevant comparison.

In no state or city has there yet been coherent manpower planning—defined to include: (1) an identification of need, (2) a marshalling of adequate resources, (3) a setting of priorities, (4) a consideration of alternatives, (5) a determination of which tools best serve which need, (6) a careful monitoring of activities, (7) an evaluation of results, (8) a feedback of information and a redirection of efforts.

The program mix, and consequently the services they provide, varies considerably from area to area. There appears to be no one institution or level of authority in the four cities which would uniformly be the ideal recipient of centralized planning and administrative authority.

While our analysis of individual programs leads us to conclude that some programs and services are more helpful than others, we are not able to distinguish clearly between cities in the total impact of the programs traceable to differences in the relative mix of programs and services. This is not surprising because in each city the programs have not greatly altered the decisions on who gets hired for the emerging job opportunities. This is probably due to the limited size of programs and resources.

In summarizing the overall city-wide impact of the manpower programs, they show some impressive results. The programs have made what must be considered an important contribution by providing avenues of upward occupational mobility for minority staff members who have found in the programs an opportunity to utilize and develop executive and professional talents. While in no sense can it be claimed that the process of reorienting the old line agencies has been completed, yet the progress has been considerable. Manpower programs have had a great impact on community attitudes; training and jobs for the disadvantaged is now the accepted goal for every segment of the community. Employer practices and attitudes have been altered to a great degree, and more importantly, the ground work has been laid for continuing progress. There is today a much better understanding of the universe of need for manpower services and jobs, thereby hastening the time when meaningful guarantees of training and jobs can become a reality for the disadvantaged.

The total impact of manpower programs on the city has been minimal, but the impact on target areas significant. The most important impacts have probably been political rather than economic, but the economic impact is largely unknown because of the paucity of follow-up data showing what happened to enrollees after completing a program. Our own studies will attempt to obtain reliable follow-up data in these cities during the next 18 months. Any real evaluation of programs must have knowledge about movements of people and the differences which program participation makes in the lives of enrollees.

In spite of the lack of reliable data on expenditures, services delivered, and post-enrollment employment and earnings of enrollees, we are encouraged by the apparent contributions of the programs and feel comfortable in recommending a considerable expansion in program levels to more nearly meet the universe of need. The critical bottleneck in all programs in all cities is the lack of jobs to refer people to at the completion of manpower programs. This problem will only be solved in the context of tight labor markets and expanded program activities. In general, the manpower expenditures have been a good investment. Some programs should be expanded and some cut back, but the greatest needs are: (1) a shift from a program to a functional orientation and (2) an effective system for local level planning and integration of programs and agencies.

DISCUSSION

Ernest G. Green
Joint Apprenticeship Program of the Workers Defense League/
A. Philip Randolph Educational Fund

I am happy to be able to substitute for Mr. Harris on such a short notice. I have not had time to read the papers just presented; therefore, my presentation will be primarily limited to manpower training in the construction area. One thing I would note, the panel should have included someone presently operating a manpower program from one of the cities discussed.

The Joint Apprenticeship Program of the Workers Defense League/A. Philip Randolph Educational Fund is currently operating programs in 15 cities: New York City, Brooklyn, Mt. Vernon, Buffalo, Rochester, Hempstead, Long Island, Wyandanch, Long Island, New York; Cleveland, Ohio; Newark, Jersey City, New Brunswick, Camden, New Jersey; Boston, Massachusetts; Nashville, Tennessee and Lexington, Kentucky. Each of these centers operates with a small staff that recruits, tutors and gives supportive services to young Black and Puerto Rican and other non-white applicants who are interested in the building and construction trades programs.

We have, in the last two years, placed 1700 young men with over 800 of them being in the New York City area. Overall we have had less than an 18% drop-out rate. Apprenticeship rates have been much higher nationally, in some cases as high as 35 or 40%.

Our staff is made up of young, primarily Black, males and females. We feel that a manpower program should be innovative. We have hired tutors, not from public schools, but in some cases young men who ran tutoring in prison, as prisoners, and find them exceptional.

I feel, a secondary goal of the manpower programs should be to provide various communities with leadership, and this situation allows many Blacks and other non-whites an opportunity to develop this talent.

We have been able to help our applicants do extremely well on competitive exams through our tutoring process. The main factor that seems to be accomplished in tutoring is it changes one's perception about one's self and allows applicants to feel that they can succeed. We find that most of the applicants that drop out, invariably drop up, they go to college, or get other jobs that are as good or better than their apprenticeship jobs.

We had a case with a sheetmetal local that indicates this. We tutored 30 applicants for 65 job openings in which 175 people competed for them. When the final results were in, we had the first 12 positions and 12 more applicants spread throughout the next 30 openings. At this point the results were challenged by both the testing service and the craft union. The results were upheld, and the young men were put to work. But for many people it seemed impossible that Black and Puerto Rican young men could do that well in a competitive situation; our position has always been that they could if simply shown how to prepare for a paper and pencil exam, a simple act that most of their high schools did not prepare them for. We expect that many of these apprentices will go on to middle-level management jobs in construction, foremen, etc., as has been done historically.

It is now widely recognized that apprenticeship is not the only route for entry into the building trades and has not supplied the largest number. But as was stated earlier, apprentices do usually move up the ladder of the construction industry. We have two former iron worker apprentices who became journeymen and now have become contractors. These young men now employ Black apprentices from the union.

We are presently involved in two journeyman training programs of limited scope. The programs are centered around the model cities and urban renewal construction in Boston and Central Brooklyn Model Cities areas. The idea is to utilize Black and Puerto Rican residents from the areas in construction; allowing them to gain skills both on job as well as additional related training off the job. These particular men are scaled in pay according to their experience and skill, and in line with the particular craft apprenticeship rate. If, for example, a man has experience as a carpenter but doesn't read blueprints, he would be considered a third year apprentice, and paid accordingly. He could then complete the necessary requirements he is missing to become a fully qualified journeyman in less than the regular apprenticeship period, certainly not longer. Also, qualifications are determined by a tripartite commission; consisting of contractor, union and community groups. It is this expanded concept of training that the Joint Apprenticeship Program is becoming involved in.

With government pressure as in the "Philadelphia Plan" and other affirmative action programs, the crafts must have a way of supplying qualified Black and Puerto Rican craftsmen in many of these areas. Even though there has been, in the past, resistance on the part of many of the building trades to expansion of membership and particularly Black and Puerto Rican or other non-white minorities; now there is some effort by national leadership as well as local leadership to work towards a solution of this question.

This particular program has been successful because it has had a single thrust and attempted to work towards a solution. It is my feeling that some industries and their manpower problems are of such a nature that a scattered approach will not succeed. Entry level skilled jobs, that are of a competitive nature, must have a singular approach, as has been demonstrated by this project.

A well-conceived and functioning manpower program will have both short and long-term achievements; our short-term achievements should be obvious. We have supplied non-white workers to an industry where few, if any, existed. Our long-term goals are an institutional change in the way new workers enter the construction industry and recognition by both labor and management of the need for such changes.

In closing, the industry is finding that non-white workers do not destroy the conditions and benefits they have won and fought for, but are recognizing them as a valuable asset.

III

PRIVATE INITIATIVE IN THE TRAINING AND DEVELOPMENT OF THE HARD CORE*

Peter B. Doeringer, Chairman

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* The discussion by Malcolm Lovell, U.S. Department of Labor, presented in this session, is not included in the published *Proceedings*.

INTRODUCTION

PETER B. DOERINGER
Harvard University

The last meetings of the Industrial Relations Research Association in the 1960's are an appropriate place for assessing various aspects of our emerging national manpower policy. One of the lessons we have learned from the experience of the past decade is that training programs for the disadvantaged that are tied to particular enterprises, or to other types of work situations, are more likely to be successful than short-term classroom programs directed towards the labor market in general. The advantage of the former programs lies in their ability to provide instruction methods, training curricula, equipment and so forth that are closely related to job requirements and to work actually performed. Moreover, the exposure to managerial procedures, and other types of on-the-job experience in such programs, can provide types of training and motivation which cannot readily be made available in "institutional" programs.

As the government seeks to involve the considerable training resources of enterprises and unions to assist in the employment and upgrading of the disadvantaged, we are also learning that changes will have to be made in traditional methods of recruiting, hiring, and training the work force. Similarly, changes may also be required in industrial arrangements and in techniques of work force management where the disadvantaged are employed.

In my view, if we are to move from the isolated experiments of the present to larger scale programs in the private sector, much more needs to be known about the techniques that succeed and those that fail. The current experiments can provide a great deal of this information and, more important, a greater general understanding of industrial relations and of the process of labor force development.

The papers for this session report on the recent experience with preparing the disadvantaged for two very different work environments—employment within the enterprise and employment in the building trades.

In the enterprise, where the work relationship is potentially one of continuity, management has the major responsibility for recruiting and developing the work force. While economic factors such as entry wage rates and the availability of alternative employment opportunities, influence the success of enterprise programs for employing the disadvantaged, personnel management practices also appear to be important. Personnel practices which are effective for the advantaged work force, however, may well need to be reappraised when applied to the disadvantaged.

Unions too can play a significant role in the enterprise by helping to build a commitment within the incumbent work force to assist in the training and retention of the disadvantaged. Unions may also have much to learn about the types of probationary arrangements, grievance procedures, and internal political machinery which must be developed to ensure the continued employment and equitable treatment of the disadvantaged, especially for those who are black.

In the building trades, particularly in the mechanical crafts and in heavy construction where skill and educational requirements are highest and where union responsibilities for training and employment are substantial, union initiative in training programs for the disadvantaged is essential. Apprrenticeship "outreach" programs and pre-apprenticeship training will continue to be major elements in programs for bringing minority groups into the building trades. However, other training approaches with less stringent entry requirements and more ambitious arrangements for remedial education are likely to be important supplements to traditional means of developing a skilled work force in some crafts.

The papers, the comments by the discussants, and questions from the floor suggest that considerable research and program innovation will be required during the 1970's if managements and unions are to expand their activities in aid of the disadvantaged. For example, too little is known about policies for improving work satisfaction in entry level jobs. In particular, what are the trade-offs between economic incentives and social processes at the work place as they affect the motivation and attitudes of the disadvantaged? What can be done to improve opportunities for upgrading? How will restrictive fiscal and monetary policies affect private sector programs? In what new ways can formal and informal training be combined in the building trades situation and within enterprises? What is the relationship between training programs in the private sector and pressure for greater minority group employment? What mechanisms are necessary for assuring the full participation of minority groups in the political affairs of unions? And finally, what kinds of solutions are available to the problem of racial antagonism at the work place?

EFFECTIVE PREPARATION FOR APPRENTICESHIP

REESE HAMMOND

When an owner decides to build, he contracts with an architect. When the architect has completed his drawings and specifications, general contractors submit bids for construction to the owner. Subcontractors in the mechanical trades submit bids to the general contractor for the work in their specialty. The bid is awarded to a general contractor who then engages subcontractors and the work commences. Excavation and foundations, steel erection, concrete work, electrical work, plumbing, heating and air conditioning, painting, and perhaps four or five other subcontracts will be let. Each subcontractor will bring his equipment and men to the job site—in the case of the foundation contractor, a work force composed of operating engineers, laborers, carpenters, teamsters and cement finishers, with piledrivers and iron workers included on some jobs. The heating and air conditioning contractor may bring in boilermakers, steamfitters, sheet metal workers and asbestos workers, and so on with other subcontractors. Each trade will have at least a foreman on any good sized job, and many will have general foremen. Working under the direction of a superintendent, who in turn probably reports to a general superintendent, the various tasks get done and, as each phase of the building operation is completed, the workers involved are dismissed.

Where do these workers come from and where do they go after their work is completed? They come from a local pool of construction workers whose livelihood depends upon the availability of work in their trades and their ability to perform that work skillfully. When their work is completed, they rejoin the local labor pool and wait until the next project comes along. In order to work when jobs are available, they must be master of all the skills encompassed in their trade. The shortest and surest way to learn these skills is through apprenticeship. Detractors aside, the three to five years spent in apprenticeship is the ticket to craftsmanship, and craftsmen are the elite of construction industry.

What is the *best* way—the most effective way—to prepare a young man for apprenticeship and admission to this elite corps?

For more than 100 years, the concept of free public education for all of our youth has been a plank in the program of America's unions. Around the turn of the century, the concept was accepted and the framework for a basic education for all of our youth was established. Unfortunately, six decades later, with few exceptions, vocationally oriented students don't get an effective preparation for apprenticeship. Despite the expenditure of some $50 billion per year for education, less than one billion dollars is spent for vocational education,[1] and most of that doesn't prepare youngsters for work. Despite the fact that only 40 out of every 100 students entering the ninth grade go on to enter college, and only 20 of every 100 finish college, we spend less than 2 percent of our education budget on the 80 percent of our students who will not join the intellectually elite.

The first step towards effective preparation for entry into a skilled trade is an honest analysis of the requirements of the trade. The second step is a realistic program to communicate these requirements to potential candidates at appropriate levels of understanding throughout their youth. The third step is to teach the youngster what will best prepare him for his future vocation.

The first step—an honest analysis of the requirements of the trade—is subject to more rhetoric from more self-proclaimed experts than any other subject short of Vietnam. Any professor who assembles a "do it yourself" bookcase becomes an expert on the carpenter's apprenticeship program; any member of the Ladies' Guild who has refinished an antique commode can explain the intricacies of industrial painting to a community action group; and any sidewalk superintendent who has ever watched a power shovel or a bulldozer will assure you that running equipment can't be much more difficult than driving the family station wagon.

I want to use this platform to appeal to the "spray can painters," "faucet fixers," and the "extension cord wirers" to relate to the painters, plumbers and electricians in the same fashion that they relate the "guardhouse lawyer," the "parlor psychologist" and the "bathroom baritone" to law, medicine and music. A little knowledge is dangerous.

Those qualified to analyze a craft include the master craftsman who works at his trade, who supervises his trade, or who has become a teacher. The record is in on the craftsman who has remained in the industry. That record is written in thousands of apprenticeship standards administered jointly by labor and management across the nation. The pedagogues are quick to dismiss these skilled analyses as the narrow, selfserving shield of tradition robed protectionists. Unfortunately, the record seems to be in on the vocational teachers too. With a handful of welcome exceptions, this country has no vocational education system. I am less inclined to blame the teachers than I am the elected school boards that either dilute meaningful skill training with courses in cultural enrichment, or use the vocational school as a dumping ground for the slow, the incorrigible or the youngsters putting in their time until they drop out. Mangum cites:[2] "That there is a vocational education system is largely mythical." He acknowledges Federal vocational education acts, the existence of an American Vocational Association and numbers of state boards of vocational education, and he concludes:[3] ". . . any relationship to a system ends before it reaches the schools and the students."

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[1] Garth L. Mangum, "Vocational Training: New Practices Needed?", *Vital Issues,* Vol. XIX, No. 4, p. 1.

I am sure there are others professionally qualified to analyze the skill requirements of a craft, but they seldom do. The Purdue study[4] on apprenticeship will be extremely interesting when it is formally released.

The sewing courses, the breadboard classes and an occasional bus ride to a local plant are not effective ways to prepare for apprenticeship. There is, however, help on the horizon. Ohio State University and the University of Illinois, working under a $1.3 million Office of Education grant, are just completing a 180-day Industrial Arts Curriculum Program[5] which deals with the world of construction, from the owner's decision to buy, right through the owner's acceptance of his product. The package is designed for Junior High School students and comes complete with laboratory assignments, such as building a simple wood form, mixing concrete, pouring it in the form and screeding it off. Other assignments include design sessions, role playing between contractors, architects and owners, moving pictures of various trades at work and discussions on bond issues and financing construction. Hopefully, this kind of curriculum will cut across all levels of interest in any given class and will permit each student to relate in his own way to that portion of the course which interests him. There will be no segregation for the youngster who prefers to pound nails rather than design buildings or discuss financing. All of the components of construction, including the craftsmen, are treated with equal dignity and importance. This will be effective preparation for apprenticeship. But we have to reach youngsters in a meaningful way, earlier than Junior High School.

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[2] Ibid., p. 2.

[3] Ibid., p. 2.

[4] Alfred Drew, et al., "Educational and Training Adjustments in Selected Apprenticeable Trades," (Purdue University, 1969).

[5] Edward R. Towers, et al., *"The World of Construction,"* Second Edition (Ohio State University Research Foundation, 1968).

The Connecticut State Building and Construction Trades Council is well on its way toward developing a cooperative work study program with the Commission on Higher Education of that State, which will enable some 60 male elementary school teachers to work annually for 8 to 10 weeks in the summer as construction workers at the same time they are attending a graduate level seminar for credit in the "World of Construction." For five days a week, the teacher will work under union conditions as a carpenter's helper, plumber's helper or heavy equipment oiler. On the sixth day, he will attend a 3- to 4-hour seminar on employment conditions peculiar to the construction industry. Hiring halls, apprentice programs, health, welfare and pension programs, and the history of construction unions are proposed topics for discussion and related reading assignments. Hopefully, there will be some 60 additional teachers each fall who will be able to portray an accurate picture of the construction industry and its labor force to hundreds of young, inquisitive minds. This program will contribute to effective preparation for apprenticeship.

At a more general level, the Vocational Education Acts of 1963 and 1968 provide blueprints for improved preparation for apprenticeship. Unfortunately, legislative authorizations are not legislative appropriations. And history clearly demonstrates that money alone is no guarantee of quality vocational education. A final reference to Dr. Mangum's paper reveals that there were in 1967 seven million vocational enrollments split into 3.5 million in high school, ½ million in vocational agriculture, 1.5 million in home economics, one million learning office skills and one-third million in trade and industry courses. He concludes:[6] ". . . this does not mean that these

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[6] Mangum, op. cit., p. 2.

(students) . . . were necessarily engaged in preparation for employment in these occupations. It means that among the classes in which they were enrolled there were one or more who were in part supported by vocational education funds."

We are already paying $1 billion per year for vocational education. I submit that we have a lot of housecleaning to do before we can get a fair return on this investment—a fair return which will include effective preparation for apprenticeship for all of our potential building tradesmen. We live at a time and under conditions when Charles R. Morris, in a call for fundamental rethinking of manpower goals, can accurately conclude,[7] "Finally, when vocational school graduates in our major cities are not typically able to pass even equitably administered apprenticeship tests in trades they have studied for three years, no one (can) conclude that all is well."

Of course, all is not well. And, while we see some indicators of possible improvement, we cannot afford to wait for a new generation, or dismiss the current generation. We are reaping what we sowed.

What have we to work with? While I realize the dangers of generalities, I suggest that there are four basic levels of achievement and motivation to deal with. The easiest group is composed of those young men who are equipped to successfully compete for, enter and complete their apprenticeship. We can leave them on the shelf, because they're ready for use. A slightly more difficult group are those young men—be they dropouts or holders of high school diplomas—who have the potential to gain competitive entry to apprenticeship, but need to have that potential developed and need to be motivated to try. A third group is made up of the severely educationally disadvantaged youngsters (dropouts without exception) who really want to be craftsmen. The last group are those young men of apprenticeable age who are relatively content with their lot, who may or may not have the credentials for apprenticeship, but who prefer not to work. While I don't think there is much that can be done for this last group—at least not much that we know of now—I believe we should recognize that such a group exists. In excerpts from a paper prepared for *The Public Interest,* Fall, 1969, Edwin Harwood states:[8] "Many boys are underemployed and sub-employed because they value leisure as much as money, which leads them to seek only as much work as is needed to get by with enough of each." In reaching this conclusion, the author cited research he had done on Appalachian migrants in a northside Chicago slum in 1965. He related that[9] "Some (adolescent Appalachians) took a distinctly cavalier attitude towards jobs. Most worked a few weeks at a stretch to earn enough to support their street corner activities, pay for room and board, and buy occasional luxury items. . ." This life style changed as family responsibilities occurred, but for the young unmarried male it remained acceptable and, in many instances, desirable.

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[7] Charles R. Morris, "Manpower Programs: What Directions Should They Take?" *Vital Issues,* Vol. XIX, No. 1, p. 3.

[8] Edwin Harwood, "Many Youths Jobless by Choice," *The Washington Post,* (Dec. 7, 1969) p. c-3.

If you will accept, at least for purposes of this discussion, the four broad categories I have suggested, I will address myself to the second and third groups. On the basis of numbers alone, we have enough material to work with for a long time in these two areas.

Effective preparation for apprenticeship has got to be a serious business. The Acting Director of Job Corps, Bill Mirengoff, "tells it like it is". . .

> [10] "If we are serious about developing training programs that are not gestures or tokens, we must show that it is an integral part of the jobs which allegedly exist and will be offered. Otherwise prejob training is not likely to be considered seriously by slum youth who are suspicious and hypersensitive and who expect promises will not be honored. . . .
>
> "Training must be real. And real training is not just job skill training. Those young men know better than anyone else that they are deficient in reading, arithmetic and the communications skills. . . .
>
> "Once we accept our responsibility to train the educationally and economically deprived, we must do it with empathy and understanding. But not with sloppy sentimentalism. . . . Such sentimentality will be exploited and the seriousness will be eroded and rejected. . . .
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> "Our Corpsmen must be provided with realistic rewards for meeting single standards of performance. They cannot be rewarded and believe they are taken seriously for inferior standards of achievement. They cannot be given 'Jim Crow' medals."

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[9] Loc. cit.

[10] William Mirengoff, "Remarks at Job Corps Civilian Conservation Center Directors Meeting," Denver, Colo., (Oct. 14–17, 1969).

Our experience in the Operating Engineers in our Job Corps programs, our preapprenticeship programs and in our support of the various apprenticeship outreach programs, give complete and unequivocable support to Mirengoff's statement. Any lessening of performance standards for any group is a perpetration of discrimination against that group. Any effective preparation for apprenticeship must be both serious, in the broadest sense of the word, and must be designed to prepare all participants to meet the same standards.

To discuss first the young men with potential developed to the threshold of apprenticeship, the answer is pretty clear. The outreach program supported by the U.S. Department of Labor and sponsored by a variety of civil rights organizations and local building and construction trades councils has done more to guide candidates to, and through, apprenticeship entrance than any other single program in the country.[11] In the 28 months that this program has been in action, more than 5,000 young men have been prepared for, and indentured into apprenticeship. Such organizations as the Workers Defense League, The Urban League, the Opportunities Industrialization Centers, and several other local organizations have worked cooperatively with local building trades councils to seek out potential apprentices, to prepare them through concentrated tutoring to pass the competitive entrance tests, and to assist them with supportive services during their period of adjustment to the rigors of construction work and the challenge of the related training classes. Because these programs in general are designed to work with young men with demonstrated potential, the "dusting off" process is often directed towards motivating the individuals to compete for the various apprenticeship programs and to prepare them for test situations. In those cases where a high school diploma is required and the participant is a dropout, the tutoring is twofold—both specific preparation for the apprenticeship test, and preparation for a high school level General Equivalency Development Certificate.

The success of the outreach program can be measured in hard numbers.[12] During the period from 1950–1960, minority participation in apprenticeship programs grew only from 1.9 percent to 2.5

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[11] AFL-CIO News, (Dec. 13, 1969) p. 12.

[12] Robert M. McGlotten and Doris H. Hardesty, "Outreach: Skills for Minority Youth" *AFL-CIO American Federationist,* (April 1969) p. 13.

percent.[13] By 1968, this percentage had grown to 7.2 percent.[14] An even more refined measure of the increasing effectiveness of outreach programs is that of the 26,156 apprentices newly enrolled in the first half of 1968, approximately 9.4 percent came from minority groups. There are currently outreach programs in 55 major industrial areas, with expansion into 10 more areas expected in the next 3 months. With a total of some $4 million in Federal funds expended in outreach programs, the per capita cost of this method of recruitment is about $800, by far the most economical program in the field. While the cost has been low, the quality has been high.[15] Young men prepared by the Workers Defense League have a drop out rate of less than 10 percent, as opposed to the general apprenticeship drop out rate of about 30 percent. By any measure, this must be counted as effective preparation for apprenticeship.

The third broad category of potential apprentices—the motivated, but serious undereducated youth—presents a more difficult and more expensive problem. While several organizations have done work with these youngsters, I will address my remarks to one of the programs sponsored by our International Union and its affiliated local unions. In 1967, under a national prime contract with the U.S. Department of Labor, we subcontracted with our local No. 3 to operate a preapprenticeship program to prepare 50 disadvantaged minority youth in the San Francisco Bay area for entrance into the Joint Apprenticeship Program for Operating Engineers in the 46 Northern Counties of California. We established the project as a 5-day residential program located at the Marine Cooks and Stewards Recreation and Training Center in Santa Rosa, California. Trainees were recruited through the Neighborhood Youth Corps' out-of-school project. Meals were served shipboard style, with Marine Cooks and Steward trainees serving as waiters. Lodging was provided in modern motel style rooms with no more than 3 trainees to a room. Classes were taught in temporary classrooms, while physical training was conducted in a well equipped training area under the supervision of Carl "Bobo" Olsen.

In order to be indentured into the local No. 3 program, an individual must meet the age limitation of the program, have a high school equivalency certificate (no diplomas allowed) pass selected tests from the general aptitude test battery, pass a mechanical comprehension test and pass either an oral directions test or an adaptability test. As our universe was composed of disadvantaged youth, with a wide variety of school histories, and because high school diplomas are not accepted for entrance to the program, the first goal was to get our trainees through the high school level General Education Development (GED) text. Using members of our local union as instructors, we did pretty well in this area. We then concentrated on developing mechanical comprehension, as pretesting had shown this to be the area of greatest deficiency. At the same time, we permitted trainees who had received their GED certificates to spend some time on the heavy equipment we had at the center. As apprenticeship exams were held, we took those we felt were prepared to take the test. If they passed, they were indentured off the apprentice list in order of their score. If they failed, we reviewed their deficiencies, tutored them some more, and took them back to the next testing session. In all, we conducted four such programs, three in Northern California and one in Southern California. We were successful in having a total of 103 severely disadvantaged minority youngsters pass all of our apprenticeship requirements. They are either indentured or in the process of indenture. Let me state quickly that these were expensive programs, but they are models of what can be done to effectively prepare "sure losers" for apprenticeship and its rewards.

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[13] Loc. cit.
[14] Loc. cit.
[15] Ibid., p. 15.

I conclude with a note of concern for the "sure losers" in our society. Unfortunately, it appears that the Federal manpower programs have been directed away from the "sure losers" and towards the "probable winners."

Outreach programs continue to be funded, as well they should be. But "in depth" attempts at human reclamation fare not as well. More than $300 million is funneled into the National Alliance of Businessmen's Job Opportunities in the Business Sector (NAB-JOBS) program for entry level jobs that might well have been filled without Federal funds, while preapprenticeship programs sit on the shelf—the subject of prolonged and picayune debate. Job Corps programs are first reduced by more than 50 percent, and then the remaining programs are drained of content by underfunding. Somewhere we've lost something.

In the long run, we can probably reach the goal of meaningful equal opportunity for all our young people if we address ourselves to the program changes we so desperately need, several of which I have suggested. But in the short run, we need action. And to run in this race, action means money, because money wisely spent can provide effective preparation for apprenticeship for our most severely disadvantaged youth.

ALTERNATIVE ROUTES TO EMPLOYING THE DISADVANTAGED WITHIN THE ENTERPRISE

THEODORE V. PURCELL AND GERALD F. CAVANAGH[1]
The Cambridge Center for Social Studies

This paper presents two ways of bringing disadvantaged people into the workforce. One route is the National Alliance of Businessmen (NAB) pledge in which the enterprise promises a certain number of jobs for the hardcore poor. This pledge involves special efforts by the employment office beyond non-discriminatory hiring, though typically with no special support for the new disadvantaged employees. Thousands of employers are now following variations of this route with a goal of 500,000 to be placed by the summer of 1971.

Another NAB method of hiring the hardcore calls for strong help and support, going far beyond the pledging of jobs. This approach is more expensive and involves some kind of "vestibule" orientation, basic education and counseling, combined with skill training to prepare the ghetto candidate for the new experience in the factory. Follow-up programs may assist the trainee-graduate after placement, and special training and preparation may be provided for supervisors. We present one illustrative example of each approach: the general NAB pledge at the Chicago GE Hotpoint plants and the federally funded "vestibule" program of the Raytheon Company near Boston.

I. THE ROUTE OF NAB PLEDGING

The 4500-employee GE Hotpoint plants, between white Cicero and black Lawndale, make refrigerators, freezers, washers, dryers, and electric ranges. The plant is organized by Local 571 of the Sheet Metal Workers. The jobs are mostly semi-skilled assembly work, and therefore can generally be filled by disadvantaged workers without special skill training.

In 1963 GE needed more workers, but the traditional sources of labor, Cicero and Berwyn, were running dry. The company considered moving its plant, but decided to stay, modify some of its hiring standards and try to deal intelligently with "the new workforce".

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[1] With the research and writing assistance of Irene Wylie and Jacqueline Kerr.

The result was that blacks in the hourly workforce went from 37 in 1961 to 1200 (32 percent) today. Whites are 46 percent and Spanish-speaking 22 percent. In 1968 GE pledged 200 jobs for the disadvantaged as its share of the National Alliance of Businessmen program. A large proportion of Hotpoint's workers are disadvantaged. For Hotpoint this is no experiment.

The New Workforce Brings New Problems.

GE's absenteeism rose from 2 percent in 1963[2] to 4.8 percent in 1968. While only 27 percent of the GE workers are under 30, they account for 42 percent of the absences and much of the tardiness.

Turnover in the hourly workforce also increased from 18 percent[3] to 38 percent annually in 1968. Of the 1,600 hires in 1968, 51 percent of the blacks and 63 percent of the whites left Hotpoint before the end of the year. Of the 466 NAB workers hired last year, only 165 remained by July 1, 1968, making a 64 percent loss.

Assuming a conservative hiring cost of at least $200 per man, this turnover could mean an annual loss to Hotpoint of $170,000. There is a loss to some employees of confidence, stability and the chance for security for their families (almost half of these men are married). It may be just one more job in a cycle of temporary work and poverty. Society loses because of additional welfare or unemployment insurance costs.

According to an extensive survey we conducted, the new black workforce was not always greeted warmly by the older whites, some of whom viewed the sudden influx with alarm. Twenty percent felt that the blacks were receiving preferential treatment from their foremen.

More than 75 percent of the foremen said that blacks do as well on quantity and quality of work. But 56 percent thought that blacks were poorer on absenteeism and tardiness.

Since there are many more blacks at Hotpoint now, one might ask how the blacks related to both company and union. In 1968 there was a short-lived black caucus movement, the Afro-American Committee, unhappy with both the company and union. The Committee called a brief wildcat strike, with the support of the Chicago Black Labor Federation. But the Afro-American Committee lacked strong black support and there is no evidence it exists today. Local 571 now has a Negro Vice-President. The Hotpoint management now has eight black foremen.

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[2] *Wall Street Journal,* May 21, 1968.

[3] *Ibid.*

General Electric Copes with the New Workforce.

During this transition period GE experimented with different ways of dealing with the new workforce by giving limited supporting help. A small counselling program began in 1967 and lasted about one and a half years, achieving some reduction of absenteeism.

Although new orientation programs were proposed and one tried, orientation of new employees remained sketchy. Two and a half hours, on the employees' own time, are alloted to bringing groups of 25 to 30 people through a maze of unfamiliar data about benefits, attendance policies, wage assignments, insurance and so forth The new employee is given a handbook and shown his job, usually with no plant tours or departmental explanations.

Why Don't They Stay?

In spite of the needs of ghetto people, and in spite of the fact that GE offers steady jobs and good pay, nearly two-thirds of the NAB employees soon leave. One naturally asks: Why?

We took two samples of the NAB employees: those who stayed at Hotpoint and those who left. To our surprise we found very little difference between the two groups in sex, age, marital status, number of dependents, arrest record, or race. But we did find two significant differences. First, pay upgrading. The previous pay for those who dropped out was $2.49 an hour and their starting rate at GE was $2.34, a day rate which incentives might lift 20 or 25 percent to $2.90 or $3.00 an hour. The previous pay for those who stayed was only $1.97 an hour and their base starting rate was $2.45 (plus incentives). For those who stayed, GE pay meant a big step up. For those who left, GE pay was not a big increase. The second significant difference is place of birth. Retention was higher for people from the rural south. Of the blacks who stayed only 20 percent were born in the north-central states while 45 percent of those who left were born in the urban north.

Table 1 gives us another clue to why people leave, though company formulated reasons often leave motivation unexplained.

The motivation of dropouts is complex. We can learn something about it, however, by listening to the critical comments of some em-

TABLE I

NAB Employee's Reasons for Leaving—1968 (N = 301)

Fired:		*Voluntary Departures:*	
1. Excessive absenteeism and tardiness	26.2%	1. No report (after 5 days of absence)	22.2%
2. Couldn't adapt	6.3%	2. Resigned	11.6%
3. Falsification of application	3.3%	3. Left for another job	7.6%
4. Violation of shop rules (abusive language, drinking etc.)	2.3%	4. Walked of job	3.3%
5. Refused job assigned or to follow instructions	1.7%	5. Didn't like job or pay; personal problems related to job	3.3%
6. Not qualified	.7%	6. Personal problems, or home duties, not job related	2.3%
		7. Never started; or worked one day and didn't return	3.0%
Total:	40.5%	TOTAL:	53.3%

Other: Moved away; returned to school; military; laid off; deceased; unknown: 6.2%.

ployees. Most of the employees were satisfied, but there were complaints: *Langston Groves,** black member of a final assembly unit with one of the highest absentee rates:

> "I know this foreman's goin' to be harrassing me all day. So, you don't care if you get to work on time. I mean, you don't push yourself to get there. This is the way the guys show they resent a guy, halfway doin' their job, don't care if they do their job or don't get here on time."

Negro assembly worker, *Russell Simpson,* tells how insignificant his job seems:

> "You don't seem to be gettin' anywhere. No matter how many times you do it, you do it again. You don't ever get to see the final thing. You just makin' the top. Same thing. You put in maybe six or seven screws and then here comes another one that looks just like it. On a job like that, you don't feel you're really needed. If you come in late, somebody else might be doin' the job."

Elliott Thomkins, a 26-year old transferman:

> "They tell you one thing over when you go for employment, then you get here, it's another thing. They say you' be makin' this, and when you get here you won't be makin' that. Plus, you have to do a whole lot of work and they're not holding to their promises, you know."

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* All names are fictitious.

William Fleck, 22, a high school grad, at odds with his foreman, says:

> "The harder you work, the less bonus it seems. (A common complaint on the line.)
>
> —I thought I'd be makin' about $3.15 an hour, but I see that was a whole lot of baloney.
>
> —I work with fiberglass. It eats you up—it bites. I have to use alcohol to get it off when I get home.
>
> —It's just a job. They don't pay you enough to be pushing you so hard.
>
> —They just put you here, show you a few things, let you go: they work with you for a little while, ain't no more said to you.
>
> —The union don't do any good—they're all together with the company.
>
> —My boss is a lunatic. He don't even know how to screw the screws in the door.
>
> —I'm gonna look for a job somewhere else."

Pulling these remarks together with 125 other Chicago interviews, we find five major motives for dropouts:

1) Inadequate relationships with supervisors.
2) The distrust, anger and restlessness of youth.
3) Frustration with assembly-type work as monotonous, uncreative, dead-end.
4) Easy availability of other jobs in the Chicago area or attraction of easier money through welfare or even ghetto crime.
5) False expectations about wages, or failure to understand the incentives.

Some of these problems are obviously beyond the control of management and are rooted in the knotted problems of urban society. But others can be met and solved by new, creative management. We think that even people like Mr. Fleck can develop into productive and interested employees if they get strong support.

Building on its seven years' experience with the hardcore, General Electric is now pursuing a new alternative of high-support for some of its employees. The company's Chicago operations have negotiated an MA-4 contract with the Department of Labor to provide prevocational vestibule training with emphasis on motivation, attitudes, and follow-up support. Its goal is to help 400 hardcore disadvantaged people to become steady and satisfied workers at Hotpoint.

II. THE ROUTE OF STRONG SUPPORT

We turn now to our alternative route to employing the hardcore, the method of strong support. The Raytheon Company is a large electronics firm 55 percent committed to government contracts. There are several notable contrasts with the Hotpoint Plant in Chicago. The company is 96.8 percent white even after absorbing the trainees. Many of its jobs are skilled or semi-skilled and require training often considered too difficult for the disadvantaged. The Massachusetts plants are located in suburbs and most cannot be reached by public transportation.

When Raytheon opened one of the early vestibule training programs in February 1968, its goal was to equip trainees with more successful techinques for dealing with the industrial environment and with skills which were in demand in the Boston area: drafting, cablemaking, clerical and keypunch. The program was financed under a contract with the Department of Labor at a cost of $600,000 for a minimum of 100 graduates. The contract was technically under the President's Test Job Program, though Raytheon called it an MA-2 contract. One of the unique features of these contracts was the flexibility they allowed in job placement. A job was guaranteed to every graduate, but an individual could choose, if he preferred, to be placed with a company other than Raytheon. Trainees were recruited by neighborhood employment centers with a deliberate effort to avoid selecting the "best" of the disadvantaged in terms of education, work history, or even motivation. Two thirds of the trainees were male; 85 percent were black; median age was 22; and median grade level 8.5.

How successful is the Raytheon Job Training Center (JTC) program? Statistics give one answer. During its 14 months, the Job Training Center accepted 259 trainees and graduated 170. This 34 percent dropout rate seems high but compares favorably with the national MA-2 dropout rate of about 40 percent. Retention of those who successfully completed the program is difficult to evaluate. Forty-five percent of the JTC graduates who took jobs at Raytheon left during the first year, most indicating that they were going to better jobs. If instead of focusing on retention at Raytheon, we look at the number of graduates now employed at Raytheon or elsewhere, presumably using their new skills and attitudes, the program can be considered more successful.

Listening to people involved may give a better answer. We made a field study of a key Boston area Raytheon plant at Bedford and listened to about 50 people: the 12 JTC graduates, a random sample of their fellow workers and all their supervisors. The graduates who stay are overwhelmingly favorable to the program. The foremen are generally content with the quality of the graduates' work but not with their absenteeism. Fellow workers are not resentful. The current crucial problem is that Raytheon, being subject to space and defense cutbacks, is having difficulty absorbing the present graduates of its center.

We will look at four factors affecting the success of manpower programs like this: the need for specially good interpersonal relations; skills training; transportation; and the firm's employment stability. The Job Training Center influences primarily the first two.

Need for Good Interpersonal Relations.

Many disadvantaged people have a greater need for satisfactory and warm interpersonal relations than other employees. They have a history of job instability rather than job success. They often come to the job with distrust and fear. The environment is foreign and therefore threatening even when fellow employees and supervisors are receptive. Many trainees come with skepticism for whitey and the business establishment.

Let us take three examples of early plant experiences from our Bedford microcosm. Draftsman *Willie Montgomery* came to the plant after extensive personal counseling and many group discussions. He thought he was well prepared but at the start he was miserable:

> "Like when a person first come on the job, you know? Like I was, I didn't know what to do. It's miserable. The whole week to find out what's going on."

Cablemaker *Hutchins,* a self-confident young man with an afro and bright clothes spoke of sizing up a supervisor:

> "Well there was one down there like I said. That was Ed Bracken. Like he's right there with us . . . You know I was kind of skeptical of him when I first came here, because I didn't trust nobody then. But I found him out and he was pretty straight too."

Dealing with fellow employees is also critical. *Clyde Wilkins,* a steady worker doing well, says about a white employee:

> "He's a pretty good guy. A white guy too. I used to didn't like him though. You see when I first came out here, I didn't talk to him none so I thought he was a prejudiced guy. But once he come in and sit down on that bench and started talking with me, I found him an altogether different guy."

Here are three different men, with different backgrounds and different styles of adjustment, yet all went through an initial testing period learning whom they could trust. This skepticism is something which even fully committed managements will have to deal with.

The graduates of the JTC at Bedford, in general, now have good interpersonal relations with their supervisors and their fellow employees. All concerned testified to this. We believe three factors contributed to these good relations.

First, the Job Training Center helped prepare the trainees for good interpersonal relations. Sessions on social survival technique (SST) gave men an opportunity to discuss themselves, their problems with work, the experience of the black man in America, released a lot of tensions and increased understanding of themselves and the world around them. *Willie Montgomery* who feels the program changed his whole life describes it like this:

> "It was something like if he think that you wasn't right about life, he'd put you in the SST class, you know. And if you come out of there and he think you still not right, he put you back there. I went in there about three time . . . But actually I was learning more and more so when I left the school, I had a brief idea what's going on in life."

The radical change Montgomery experienced is unusual but five of the twelve people we spoke with indicated some helpful personal change, usually in attitude toward work or toward whites. It is important to notice that the motivational work took place in an environment where men were preparing for a promised job. It was the job at the end which made the discussions on attitudes relevant.

Second, there was almost no white backlash or opposition to special training for the disadvantaged. White employees commented: "Well it gets them off the streets." "It's a good investment for the country." "We owe it to them." The following four conditions influenced white acceptance of the program. 1) No preferential treatment in salary or promotion was given. 2) Free training after work was available to all employees. 3) The average length of service in these departments was very low. Perhaps new employees are more open to change. 4) There was no threat of a large influx of blacks. The program is on a small scale and blacks are now less than 1 percent of the plant (and about 3.2 percent of the total corporation).

Third, foreman commitment to the program also contributed to the good relations of the graduates. The company considered the message from the president, Phillips, that the program was to succeed as the crucial element in foreman orientation. Beyond that, foremen developed their own methods within the guideline; no prejudice, no preference.

Skills Training for Successful Work.

The Raytheon program stresses skill training as well as motivation. We found that skills training meant more to the majority of the graduates at Bedford than any other single aspect of the program. Listen to some of their comments:

Leo Pratt: "This is something new for me, I thought. If Raytheon is going to be training people I guess I better get into this because this is something I've been waiting for."

Roger Green: "At the time I thought it was probably one of them schools, they give you a little bit of money and let you finish the course and that's that. I came to see what they were putting down and I seemed to like it."

Elvin Sanborn: "That give you a start, you know? Like I was in hospital work. I went to the training center. They give you a chance to better yourself, to get out in the world and make money."

Joe Madden: "It's the skill of the future, I'll tell you that."

Keypuncher *Pearl Tenco* implies that she now has a marketable skill:

"Like Raytheon they place you. If you don't want to stay with Raytheon, they find a job for you with the telephone company, city hall. I know a lot of girls that went to the school. They're holding good positions now."

The cablemakers at Bedford were well trained and able to produce immediately; keypunch operators needed a little on-the-job training; drafting graduates started as trainees. Since the graduate needs to further develop his skills in the plant it is important to ask how much initiative for getting new skills should come from the graduate and how much from his supervisor. Both are important but the foreman is crucial. Draftsman supervisor ***Penansky*** says the foreman should go out to try to understand and help the disadvantaged graduate:

> "I think the atmosphere discourages them. I try and put myself in their shoes. In fact when I started I had a feeling I'd like to regress into a little hole. Everything around you is unfamiliar . . . If you walked into an alien atmosphere I guess you'd be kinda squashed as far as wanting to understand. Then on the other hand its up to the supervisor to communicate and bring himself to talk to their level. Its going to be a basic problem and I don't see any solution except in the people they're working for."

Problem of Transportation.

As plants move to the suburbs, the problem of hiring hardcore people, especially blacks, obviously becomes more difficult. Commuting to Bedford by car from black Roxbury takes 35 minutes to an hour; public transportation takes 2 hours, costs at least $10 a week and leaves one a mile from the plant.

Eleven of the 12 graduates at Bedford live in Boston's ghetto and 10 depend on a ride from a fellow employee. This kind of arrangement makes the disadvantaged worker dependent on his driver. It can also interfere with opportunities to go to night school at the plant or to work overtime. Most important, transportation problems can lead to absenteeism which slows a trainee's progress on his job, his sense of accomplishment, and chance for promotion. The resulting lowered job satisfaction may in turn deter an employee from seriously trying to solve his transportation problems. Even the graduates at Bedford who had been able to make reliable arrangements felt that commuting was a real drawback to employment at Raytheon.

Crisis of Contract Cutbacks.

The possibility of layoffs due to recession or defense contract cutbacks threatens all manpower programs. In October of 1969 defense cutbacks caused layoffs of many regular workers at Raytheon, affecting among others the Bedford plant where 7 of the

JTC cablemaker graduates were laid off. Three of the seven had bumping rights at the Lowell plant. Because of the distance between Lowell and the black community, it is not surprising that these men did not use their rights. Their immediate reaction to the layoff was mixed. Four of the seven men were quite upset. *Roger Green* spoke for several:

> "That really make a lot of people feel bad, you know? Not only that, it makes a lot of people think. About, well, we got this far and we could only go as far as they wanted us to. And now we're right back where we started from. And people start getting that attitude back again. When they had built up hopes that they were going to get some place."

On the other hand three men claimed they were not disturbed: it was time for a change; they didn't want to continue in cablemaking anyway. Only one man thought it would be difficult to get another job. The crucial question however, is the long term impact of the layoff. Will these men really find good jobs and stay with them?

Defense cutbacks have also made it difficult to find places for current graduates. In December 1969 the Center reports at least fifteen draftsmen for whom jobs are not now available, though top management is making an effort to absorb them. The Raytheon Job Training Center is now under an MA-4 contract with reimbursement only if its graduates are placed at Raytheon. The Program seems to be in critical condition regarding cost and placement.

This crisis raises the question whether it is wise for companies so dependent on defense contracts to attempt to train the disadvantaged unless they can convert to civilian products or train in skills that can be used elsewhere.

CONCLUSIONS AND RECOMMENDATIONS

While the experiences at GE Hotpoint and at Raytheon are quite different, the evidence from both studies strongly indicates that the disadvantaged worker needs special orientation and support. Special support programs might take account of the following recommendations:

1) Foremen must be sensitive, knowledgeable and flexible enough to deal with the disadvantaged. Foremen-training programs are needed to bring this about.

2) Special, though not necessarily preferential, support is necessary for the disadvantaged worker. Counseling beyond what a good foreman can provide is often needed.

3) Backlash is not always present. White attitudes depend on conditions, some of which management can influence.

4) Since transportation is a problem for distant plants, better solutions need to be found by creative and persistent efforts.

5) Disadvantaged people can be prepared even for relatively skilled jobs. In any case, vocational guidance and aptitude evaluation are necessary to avoid getting square pegs in round holes.

Monotonous, uninteresting jobs and layoffs of new employees can undermine any training and support program. Disadvantaged workers have forced us to take a new look at these basic and pervading problems of American Industry.

DISCUSSION

MICHAEL J. PIORE
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I found the paper by Father Purcell and Father Cavanaugh very interesting. I have little real criticism of what they have done, but I do think it is appropriate to balance their remarks with several skeptical comments about the new manpower policy. First, it remains very difficult to know whether the programs are making a net contribution to the movement of disadvantaged workers. As Mr. Lovell suggested in his remarks, there has always been a certain amount of flux in the racial composition of plants and industries. Indeed, under one theory of discrimination, whites monopolize jobs in the advanced sectors of the economy, relegating blacks to the mature and declining sectors. As the advance sectors mature, the theory suggests, whites move out of them into newer industries and blacks capture the vacated jobs. This is a theory of discrimination which implies that, in the process of maintaining their same relative position, blacks are always moving into new areas, making breakthroughs into "new" territory. It is possible, therefore, that the process we are now observing is an old one and the new manpower programs are simply facilitating a transition which would have occurred in their absence.

Second, while I would like to share Purcell and Cavanaugh's views about the relative efficacy of the two programs they examined, it is possible to interpret the data which they present as supporting the view that the extensive Raytheon program produces results very similar to those of the half-day orientation at General Electric. Assuming that the retention rate for new hires from the Raytheon program was the same in other companies as it was in Raytheon itself, the figures reported in the paper imply that 64% of those recruited from the Raytheon program dropped out either from the center during training or from their first job within a year of graduation. This compares with annual turnover rates at General Electric of 51% for blacks and 63% for whites, and with a 64% turnover for General Electric N.A.B. hires (although the time span of the last is unclear). Figures in this business are, of course, slippery, and given the differences in trainee backgrounds in the two programs, the geographic locations of the plants, the skill levels of the jobs, and so on, it is questionable whether a quantitative comparison of this kind is relevant. But it does suggest, perhaps, a more agnostic attitude toward the program than the authors profess.

Finally, some of the author's suggestions for improving the programs go beyond the problem of disadvantaged workers *per se* and raise fairly basic questions about the nature of work in the American economy. Thus, in General Electric, they suggest concern about the monotony of assembly jobs and in Raytheon about job security. These, however, are not problems unique to blacks; they have been a concern of white workers for a number of years. To say this is not to suggest that the society ought not do for blacks what it has not done for whites. Nor is it meant to imply that we should not attempt to deal with the basic characteristics of work. The society may finally be forced to confront the problems of job security and job satisfaction. It may well be the racial issue which makes it necessary to do so. But I do think it is useful analytically to distinguish between these age old problems of industrial society and the more recent concerns about disadvantaged workers.

I do not know what to say in response to Mr. Hammond's paper. He suggests that nobody outside the construction industry—least of all, I take it, the academic community—can say anything about training in the construction crafts. This poses a very difficult problem for we know that people already in the industry have an incentive to use their monopoly over knowledge about how skills are acquired to limit entry. Certainly nothing Mr. Hammond says in his paper is very helpful as far as setting up realistic programs, designed to bring in the maximum number of minority workers consistent with the maintenance of traditional standards of craftsmanship. Apprenticeship, to which Mr. Hammond limits his discussion is the most arduous of the multiple routes of entry to the crafts; in his own union, the route is a new one whose development is coincident with minority pressure. Under these circumstances, it seems to me the society has little alternative but to exercise a kind of blind pressure hoping it is enough to force entry and not so much as to ruin the product. This is apt to be a bad show all the way around, but the last people with a right to complain it seems to me are the unions. If they want enlightened policy, they have got to participate in responsible ways in its formulation.

DISCUSSION

JULIUS F. ROTHMAN
AFL-CIO Department of Urban Affairs

The two papers discuss the training of disadvantaged workers from quite different points of view. However, both papers lay stress on the motivational factor as important in any training context. This suggests that effective manpower training for the disadvantaged workers, who have known more than their share of failure and frustration, requires that there be a job waiting at the end of the training period—a good job at decent pay with opportunity for advancement. This will be possible only when the Federal government is committed to a goal of full employment. Or, failing to achieve that goal when the Federal government recognizes the need to provide federally-funded public service employment opportunities to improve and increase health, educational, library, recreational and other public facilities and services.

The concept of apprenticeship as the means of entry for minority youth into the building trades, as argued by Hammond, is quite valid. A lowering of standards will result only in creating second-rate craftsmen with limited employability and limited upward mobility. The Apprenticeship Outreach program has proven itself to be a successful vehicle for bringing minority youth into the building trades. Nor are these youth placed in the so-called "trowel-trades." Of the more than 5,000 youth who were indentured as a result of the Outreach program, over half were placed in the apprenticeship programs of the electricians, carpenters, iron workers, plumbers, steamfitters and sheet metal workers.

In addition, the Building and Construction Trades Department of the AFL-CIO has recommended to its affiliated locals that they establish training programs for minority workers who are not of apprenticeship age and who do not qualify as journeymen. Upgrading programs of this kind can facilitate the entry of minority workers into the unions at the journeyman level.

There is a need for a rapid extension of the Outreach program into many more communities. Journeyman upgrading will be more difficult than the Apprenticeship Outreach program, but the building trades unions and the Labor Department are working together to find appropriate models so that this program can be more widely developed. Both of these avenues should substantially increase the number of minority workers in the building trades.

In the industrial plants, the NAB/JOBS program has had moderate success. Certainly it has been more successful than any prior federally-sponsored manpower program in putting the poor and the minorities into jobs. The success of the NAB/JOBS program is measurable. Yet, some observers note that because of the tight labor market, which existed until quite recently, many of those brought in under the JOBS program would have been hired anyway and trained by the company at its own expense.

One of the problems which has been noted in connection with this program is its low retention rate. As Purcell and Cavanagh point out in their paper, the need of disadvantaged people for satisfactory interpersonal relations is greater than for other workers. This factor, along with the relatively low entry-level wage may account, in large measure, for the low retention rate.

The AFL-CIO, through its Human Resources Development Institute, recognizing this problem has been working with the NAB and local employers to minimize the problem through the Buddy program. HRDI staff, which is located in 50 metropolitan areas, has trained over 500 Buddies in about 125 plants, and the program is now a continuing part of the function of local staff.

The Buddy program trains a worker in the plant (with a JOBS contract) to relate to the newly-hired disadvantaged worker. The Buddy helps the "new-hire" to relate to other workers and to supervisors. He explains plant procedures and helps him with any problem which may arise either in-plant or out-of-plant.

The Buddy program is a union-sponsored program which requires the assent and cooperation of the company which has agreed to hire workers under the JOBS program. The company advises the union of its hiring schedule, and the departments in which new-hires will work. The union recruits volunteers from these departments for the two-day Buddy training program. The training includes a review of the problems faced by disadvantaged workers, especially from minority groups, some sensitivity training, role-playing around problems likely to arise on-the-job, as well as off-the-job problems. The Buddy is then assigned to work with a newly-hired worker in his or her department and stays with the new-hire for as long as there is a need for his assistance. Reports from both management and union sources indicate that the Buddy program has helped to keep workers on the job.

Currently, under the JOBS program there is a tendency to downgrade the role of the union in the training enterprise. Any attempt to by-pass or minimize the union's role can be counterproductive. The primary responsibility for training in most industrial plants has traditionally been left to management. In the current effort to bring the disadvantaged workers, especially those from the minority groups, into the job market the participation of the unions should be encouraged. The union can help design the training program, obtain the cooperation of the union members, and help these workers adjust to the routine of the work-place. By bringing the union leadership into the planning early, they are able to contribute their knowledge and skills toward the success of the program. The name of the game is jobs for the disadvantaged. The unions have a contribution to make. No obstacles should be placed in the path of their fullest participation.

In the JOBS program, emphasis has been placed on getting the disadvantaged worker into entry-level jobs. There is also a need for upgrading the skills of workers who have the potential for upward movement on the skill ladder. A number of unions including the IUE, Steelworkers, and some railroad unions are currently engaged in developing upgrading programs. More of these programs need to be developed, especially under the JOBS program.

Hammond's paper cites the successful program of the Operating Engineers in preparing Job Corps trainees for placement in that union. Similar programs, using union journeymen as instructors in Job Corps Centers, have been developed by the Carpenters, Painters and Bricklayers unions. The success of these programs, as judged by the low drop-out rate, is due to the fact that upon completion, the trainee is equipped to enter the apprenticeship programs of these unions in their home communities. Of the 5,000 Job Corps Conservation Center slots remaining after the cutback, the unions have contracted for over 1,000.

The participation of unions in manpower programs over the past five or six years has been fairly substantial and a great deal has been learned by the unions about the particular problems which the disadvantaged have in preparing for entrance into the job market.

Unions will continue to be active participants in job-training programs, either on their own or in cooperation with government and industry. The establishment by the AFL-CIO of the Human Resources Development Institute to encourage and extend union participation in manpower programs reflects organized labor's continuing concern for this problem.

It should be emphasized again that training must lead to real jobs at decent wages with the possibility of advancement. Any substantial increase in unemployment can have a disastrous effect on the effort to bring the disadvantaged into the competitive job market. This suggests clearly that manpower programs must be related to broader social and economic policies that are designed to deal with the problems of poverty, unemployment, discriminatory hiring practices and the like. In such a context, manpower training efforts could be made more realistic and more effective.

IV

NEW APPROACHES AND GOALS IN EMPLOYER BARGAINING*

Jack Simons, Chairman

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* The discussions presented in this session by Theodore W. Kheel of Battle, Fowler, Stokes, & Kheel, Edward Silver of Proskauer, Rose, Goetz & Mendelsohn, and Victor Gotbaum of AFSCME, are not included in the published *Proceedings*.

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NEW APPROACHES AND GOALS IN EMPLOYER BARGAINING

MALCOLM L. DENISE
Ford Motor Company

I start with the proposition that the institution we like to call free collective bargaining is challenged today as it has never been challenged before.

People have been opening speeches that way ever since I can remember, and I normally would avoid it as both trite and overstated.

Today, however, while it remains trite, it is not exaggerated; collective bargaining, in my opinion, could be in deep trouble.

Not that it has ever very closely resembled a perfectly functioning process.

To work best in the public interest, collective bargaining requires that there be an even balance of power on both sides of the table, and its performance suffers chronically from an overbalancing of power on the union side. The consequence has been a persistent tendency to produce settlements exceeding the limits of economic soundness.

It also has had a tendency, particularly in certain industries, to hamper increased efficiency and thus to slow the rate of productivity growth.

Nevertheless, by and large, the public has been willing to accept its bad aspects, including its strike risks, as the price of a system having more desirable social values than inhere in alternative methods of resolving labor-management differences.

But today, new stresses and strains are piling on collective bargaining, and their causes, for the most part, are long-run trends, unlikely to go away by themselves. Acceptable ways must be found to cope with these new conditions if free collective bargaining is to function as well as it has in the past—or, indeed, is even to survive. Before getting greatly exercised about all this, of course there is the threshold question of whether the institution is worth saving. I believe with deep conviction that it is. While free collective bargaining as it is practiced does not lack blemishes, I am, nevertheless, convinced that it is by far the best—if not the only—method for resolving disputes between employers and their organized employees that can provide the flexibility needed to fit the varied circumstances of our businesses, and that is consistent with a free society and economic and personal liberty.

Consequently, I think we all must work very hard to search for and promote sound ways to meet the new challenges.

During the 60's, one of the favorite pastimes of many who were professionally concerned with collective bargaining—particularly among neutrals—was to seek dramatic new approaches or procedures that would make it work better—or at least more quietly and peacefully. I think it fair to state that they didn't come up with much of anything. The most widely heralded experiment was that of the USW and Kaiser Steel. If the test of a good idea is imitation, the Kaiser Plan has failed the test completely. It is easy to see why, and we need not delve into its highly complex pay formula to do so. So far as its approach to the specific matter of avoiding crisis bargaining over new contract terms is concerned it has never struck me as being much more innovative than any other advance agreement to follow the leader. Clearly this is not a blueprint for arriving at lead settlements without the risk of strike.

I think we have come to realize also that no magic inheres in study committees. Such procedural devices can be useful or useless, depending entirely upon the spirit in which both parties approach them. And if the parties do share the proper spirit, it probably doesn't make too much difference whether they set up some formal device for communicating or do so informally.

In short, I don't think we are going to find any gimmicks that will take the risks and occasional pain out of free collective bargaining. Pressure, actual or potential, was one of the fundamental assumptions on which the institution was built. Its success and survival ultimately will hinge on how hard the parties work at it, and the degree of skill and sophistication they bring to it. And the requisite sophistication includes due recognition by the bargainers for both sides of their mutual interests as well as their conflicting interests. It also includes the probity and reliability that are preconditions to effective communication.

This is not to say, however, that the ground rules are not of vital concern, and this is particularly true of the ground rules covering the scope of collective bargaining. Perhaps the prime concern of management in bargaining as we enter the decade of the 70's is coping with these particular ground rules as the NLRB has been interpreting them in recent years.

In general terms, the feeling underlying this line of decisions seems to be that any business action which may affect employees should be regarded as proper grist for the collective bargaining mill. Pursued to its logical extremes, the concept so stated could be argued to encompass nearly every business decision, since almost any such decision may affect the business one way or another, and what affects the business may ultimately affect employees one way or another. This would give us for practical purposes a *de facto* system of co-determination—a system that, to the best of my knowledge, Congress has never even entertained a serious thought of considering—and I doubt that even the most enthusiastic of new advocates of expanding the boundaries of collective bargaining would go so far. On the other hand, it is hard to ascertain the stopping point, and this in itself is going to lead to some pretty knotty disuptes before matters become clarified—if indeed they ever do.

Lack of clarity in the current rules of the game, however, is not the big reason for concern.

What I find most distressing is the inadequate analysis upon which the policy case for expanding the role of collective bargaining appears to be made. So far as I can ascertain, and without getting into the fine points, this analysis does not go beyond the level of considering the relationship between the action in question and job opportunities or displacements, or the creation of "problems," in the bargaining unit in question.

What it lacks, and what it badly needs, is analysis in the light of such factors as our stated national policy on labor organization and collective bargaining, the institutional structure and role of unions, and the compatibility of an expanded role for collective bargaining with the effective functioning of a competitive market economy. Collective bargaining, as conceived of under our laws, is something much more than mere conversation, exchange of views or, to use a phrase employed in some countries, "consultation"—and it is something far more muscular. This is a fact that cannot safely be overlooked in evaluating proposals for broadening its role.

What our national labor policy does, in essence, is protect the right of unions to so organize and bargain as to eliminate labor market competition among workers with respect to the rate of compensation for their services; in other words, it sanctions the establishment of a monopoly rate of labor compensation, so far as competition in the labor market goes. When this is accomplished, it has the further effect of largely insulating rates of compensation also from competition in product markets where the costs of labor must be recovered in prices. One can argue over whether the particular arrangements we have adopted are the best that could be devised for achieving the laudable objective of an appropriate balancing of power for wage determination—I happen to think they are not, but one can hardly argue that they are not the arrangements that exist.

Neither can one deny that the result is to limit substantially the portion of cost elements that are left unshielded by such actual or potential monopoly power from the pressure of competitive market forces.

To the extent that we require collective bargaining to deal with business decisions aimed at achieving more efficient utilization of labor or otherwise overcoming the cost impact of higher rates of labor compensation, such as moving operations to new facilities, introducing more efficient machinery, using subcontractors and the like, we correspondingly reduce the areas of economic activity where monopoly is not sanctioned and where competitive market forces are free to be translated into higher productivity and improved values for consumers.

Even aside from the monopoly aspects of the matter, I think it also clear that unions by the nature of their organization, procedures and normal function are poorly suited to deal with business decisions of this kind. For example, it is difficult to see how a local's membership is going to be persuaded to ratify an agreement that the plant where they work should be closed, or how a union representative could live politically with the decisions to which he would have to be a party, and for which he would have to share responsibility, if the role of negotiating changes of the sort under consideration were thrust upon him.

We need not rely solely on inference and speculation to foresee the kinds of results that I have been describing. For illustrations we have only to examine experience in those industries where the parties have in fact extended collective bargaining to encompass such matters as crew sizes, the introduction of new processes and technology, and so on. In the building trades we have seen all too many instances of work restrictions, bans on such improved tools as paint rollers, erosion of competitive incentives among employers to seek and adopt more efficient methods, and protection of vested interests from outside competition. In railroads, it took a generation of increasingly bitter disputes and ultimately an act of Congress to dispense with the services of unneeded firemen on diesel locomotives. The docks, under the deadening pall of collectively bargained crew sizes and work methods, were technologically stagnant for years, and again engendered disputes of the most bitter and stubborn sort when cost pressures finally forced an effort to break out of this stagnation. The newspaper business presents a sorry spectacle of union resistance to change and efficiency carried to the point of destroying businesses. I'm sure that you all have seen more instances of this sort of thing than I could enumerate.

Also instructive was a conversation I had with a trade unionist from another country a few years ago, at a time when major producers of automobiles in his country were involved in substantial expansion programs. It was his belief that the future held over-expansion, a temporary boom, and then unemployment for union members. What was needed, he felt, was a mechanism by which union and employer representatives could negotiate a "rationalization" of plant capacities to assure no excess would exist. The necessary effect of such an arrangement would have been to limit production, allocate market shares and deaden competitive drives—in short, a cozy little cartel. Now this man was not crassly motivated, and I question that he even thought much about the cartel aspects of his approach. On the contrary, he was simply reflecting a concern natural to one in his position over the stability and security of his members' employment. This led him to a strong inclination to forestall the risk of disturbing the status quo.

As events have turned out, however, spurred by competition and willingness to accept risk, the industry has expanded still more in that country, and production and employment have far exceeded the levels that could then have been *proved* to be assured. In fact, auto export now is regarded as a key survival factor for his nation.

It is not because unions are or might be led by rascals, but because of their inherent characteristics and preoccupations as unions, and because of the powers and special exemptions from antitrust concepts they enjoy, that we must be cautious and clear-headed about what we allocate to collective bargaining.

Both what we assign to and what we do in collective bargaining are matters of fundamental importance to the maintenance of the kind of high-wage, high-purchasing power, free-market economy our country has achieved. Their importance is intensified by the increasingly competitive world in which this economy must succeed. A high-wage economy like ours that is in competition with low-wage economies throughout the world can succeed only by correspondingly greater efficiency in its utilization of its resources, including very importantly its human resources. That we have succeeded in this competition as well as we have is not, in my opinion, attributable just to better machinery, superior technical know-how and the economies of scale—all of which are margins of difference we cannot reasonably expect to maintain for the indefinite future, and which in fact already are diminishing. An important element in our success can be found in our greater relative willingness and ability to adjust rapidly to changing circumstances, to embrace better methods as they became available, to accept change, to maintain flexibility. These are matters that are deeply affected by the habits and attitudes of people, by the ways in which responsibilities for and capabilities of action are distributed, and by the efficiency with which our social mechanisms for adaptation perform.

This is a margin of difference which it will be quite difficult for other countries to overcome. It is, on the other hand, one that we could unwittingly dissipate to our sorrow.

As you can see, I think that all of us who believe in the values of free collective bargaining have our work cut out for us.

NEW APPROACHES AND GOALS IN EMPLOYER BARGAINING[1]

Algie A. Hendrix
General Dynamics

The basic economic reality confronting the United States is that *most* of the industrial nations of the world are making extraordinary efforts—and progress—in the competition to out-produce and out-sell our country in the product markets of the world. In this competition, the significantly higher standards of living will go *only* to the winners.

In the twelve years from 1955 to 1967, Japan scored the highest annual average rate of growth, with more than 10 percent. The European Economic Community nations, as a group, scored 5.1 percent. The United States was a poor third at 3.9 percent. The United States does even less well, if we look at another important statistic: *the rate of growth of output per person employed.* Again, at the top is Japan with 8.6 percent. In comparison, the United States has 2.4 percent, or less than one third that of Japan. Highly significant also are the figures showing the rate of capital accumulation of other industrial nations, since this contributes to increased growth by opening the door to new technology. Japan leads the list, with a 24.1 percent growth in investment. West Germany is next with 18.3 percent. The United States has approximately half the investment rate of Japan, 12.5 percent.

The predictions are that Japan will score highest during the next ten years in increasing its gross national product, with a possible increase of 160 percent. Only a 50 percent increase for the United States is predicted. Italy, France, and Germany are also expected to do better than the United States. The governments of these nations are promoting growth within their respective economies by making extraordinary efforts to accelerate both technological progress and the capital accumulation needed to pay for the new technology. And to help achieve these growth goals, these nations are raising as rapidly as possible the rate of expenditures for education and vocational training. The costs are being met both with government funds and with money from the business enterprises themselves. Observers in Europe and the United States predict that training and education on a continuing basis will become a permanent part of the life of many adults in the future.

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[1] The full statement can be secured by request from General Dynamics, One Rockefeller Plaza, New York, New York 10020.

These countries, and the United States as well, will be required to make long-range changes in social and economic structures, as the result of the new developments in science and technology, but an immediate problem confronts the nations of the free world: Continuing inflation in the United States. This would involve genuine risks of a world financial crisis which could bring about a long period of economic depression and stagnation. In our own interests and in the interests of the free world as a whole, we must stop the cancerous and spiraling inflation. When this has been accomplished, then, in our own interests, we must resume a strong forward movement in economic growth. We must keep our unemployment low and our level of employment high, along with maintaining a reasonable price stability and a favorable balance of payments. We must move at a faster pace in adopting technological advance and innovation, for the technological gap which has favored us is narrowing steadily. The key reality is this: *The rate of economic growth of past years is not nearly enough.* First, our foreign competitors are growing faster than we are. Second, our labor force is growing more rapidly than many realize.

Productivity Improvement. Labor and management must dedicate themselves to an all-out effort to achieve productivity improvement by imaginative efforts at the bargaining table and also by taking such actions as are appropriate within their respective spheres of responsibility. Apprehension was expressed back in the 1950's that the American economy is vulnerable to a cataclysmic growth in productivity with potentially disastrous effects in employment due to an accelerated adoption of automation. These fears were wrong. The lesson of the 1960's is that technological advance means both economic growth and an increase in the rate of productivity, with *more* jobs not less. The President's Manpower Report for 1969 makes this point: ". . . to maintain full employment under the prospective conditions of expansion in the labor force, the rate of growth must substantially exceed the average of the post-World War II period."

In one year, 1967, the productivity rate actually fell to 1.6 percent. The rate for 1969 is substantially worse. In each of the first two quarters of 1969: minus .3 percent. The Bureau of Labor Statistics predicts that 1969 will show the lowest annual rate since 1956.

Yet, in 1969, the cost of labor-contract settlements in major negotiations across the country moved up to a new high, 8.1 percent, according to the figures on the first three quarters by the Bureau of Labor Statistics.

Technological Advance. Our national experience in the 1960's—and many studies—should dispel the new fears expressed by some labor spokesmen that large-scale dislocations will result from technological advance. The report to the President in 1966 by the National Commission on Technology, Automation and Economic Progress, could not have been more plain-spoken: ". . . there has not been and there is no evidence that there will be in the decade ahead an acceleration of technological change more rapid than the growth of demand can offset, given adequate public policies." And, in 1969, the President's Manpower Report supported this conclusion.

Some dislocations in employment to individuals and to groups sometimes do occur when new technology is adopted, and, for this reason, the focus on the implementation problems must be as prompt, sharp and clear as we can make it. The time needed to focus on problems *is* usually available. In the period from 1945 to 1964, the average number of years between a discovery and the commercial introduction of new machinery, processes and materials was 14 years. In some cases, employment actually *increased.* In a great many cases, also, normal attrition or turnover provided the answer. And, sometimes a plant or a process may be so outmoded that it *should* be phased out of existence altogether in order to create *new* jobs, by means of a new and growing enterprise. We must retrain the millions of our present employes in the new skills and abilities which will be required. This may be difficult for some segments of labor and management to accept, but there is in reality *no other course open.*

Public policy in the United States with respect to manpower development and training has two principal objectives: the retraining of technologically displaced workers and the training of the disadvantaged. The magnitude of the training task is clearly far beyond the training resources of federal and state governments, and private industry must join in this massive undertaking, using its training facilities and equipment in a realistic job environment. But all of this effort will be very limited in value unless we eliminate the work restrictions and work jurisdictions which place serious handicaps on the workers who need and want new training and new skills in order to prevent being displaced.

Manpower Planning. In the years ahead there will take place many basic changes in workforce composition and in skills mix, and American management will need to be more effective than ever before in managing its indispensable manpower resources, specifically, in recruiting, training, retraining, upgrading, motivating and utilizing its manpower.

There are also matter-of-fact cost-effective considerations which parallel the affirmative objectives of motivation and utilization. Mounting labor costs, not only in wages and benefits, but also in recruitment and training, compel management to improve workforce management in order to stimulate productivity factors.

Legal Climate for Bargaining in the 1970's. Difficult though these future problems will be, the collective bargaining system which has been established in the United States provides the necessary mechanism for the development of a responsive, responsible and effective approach to problem-solving by labor and management in those areas where the two parties are required to act together under the terms of our national labor policy. Organized labor clearly has a favorable climate in preparing for technological advances. Labor representatives are able to put to advantage the terms of a highly favorable set of laws and regulations.

In conclusion, the four specific areas of interest for labor and management, in terms of collective bargaining in the 1970's are:

1. Productivity Improvement.
2. Technological Advance.
3. Manpower Planning.
4. Legal Climate for Bargaining in the 1970's.

In the economic environment in which labor and management must operate in the years ahead, the immediate tasks are those which will ensure an end to the inflation which threatens the United States and the world with long-lasting economic hardship. Once this immediate objective has been attained, the nation, and labor and management, must strive for the accelerated economic growth which will assure our ability to compete effectively in both domestic and world markets, with adequate job opportunities for all groups and a constantly improved standard of living for our citizens.

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EXPERIENTIAL LEARNING AND ORGANIZATIONAL DEVELOPMENT

Chris Argyris, Chairman

SUBCULTURES IN BEHAVIORAL SCIENCE AND THE INTERPRETATION OF RESEARCH ON EXPERIENTIAL METHODS

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Most people familiar with laboratory education also know that it is a highly controversial topic. At one extreme the John Birch Society has attempted to outlaw its use because they view it as part of the Communist conspiracy. At the other extreme, one can find testimonies supporting the efficacy of T-groups which can only be characterized as missionary zeal. Between these extremes, there are many thoughtful applied behavioral scientists who attempt to understand and utilize laboratory education for the improvement of organizational practice.

Behavioral scientists are hardly known for the unanimity of their views. When the topic becomes how to utilize the findings of social science for human betterment, the tendency for well-meaning, competent and sincere scientists to disagree is probably intensified. Yet most people in academic life are there because they value the exploration of honest differences and view the resulting dialogue as an important vehicle for increasing the validity of our knowledge.

The October 1968 edition of *Industrial Relations* published a symposium on Laboratory Education between Marvin Dunnette and John Campbell on one side and Chris Argyris on the other.

This symposium had a debate-like format in which Dunnette and Campbell made an initial presentation with the purpose of reporting their views of what was known about the behavioral effects of laboratory education. Argyris responded by raising a number of issues which he related to evaluating laboratory education. Then there was a second round in which each party reacted to the material produced in the initial phase of the debate. At the conclusion of their initial presentation, Dunnette and Campbell stated (p. 23):

> Laboratory education has not been shown to bring about any change in one's standing on objective measures of attitudes, values,

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* I would like to thank Chris Argyris, Marvin Dunnette, Edward Lawler, Douglas Hall, Richard Hackman, and Robert Kaplan for their comments on an earlier draft of this paper.

> . . . or interpersonal sensitivity. . . . Individuals who have been trained by laboratory methods are more likely to be seen as changing their job behavior than are individuals in similar job settings who have not been trained. . . . Unfortunately, these behavior reports suffer from many possible sources of bias and must, therefore, be taken with a grain of salt.

Argyris did not reach any overall conclusions, but he raised a number of questions about the approach employed by Dunnette and Campbell. They included: (1) Many traditional research procedures treat subjects as if they were lower level employees in a formal organization. (2) Finding an appropriate control group for an experimental treatment that is as complex as laboratory education is a difficult, and perhaps impossible, task. (3) An important potential source of error in social research is the degree to which the subject trusts the investigator. (4) Many organizations support values which would tend to inhibit the transfer of learnings from laboratory education in spite of their need for changes like those proposed by laboratory education.

In this paper I shall be examining the process of human interaction to show that the debate positions of both parties were different from other expressions of their views on laboratory education research. To explain the outcropping of the discrepancies, I believe that it is fruitful to consider the hypothesis that the debate behavior was substantially influenced by the dynamics of intergroup competition. Research and theory on intergroup relations by Sherif (1966) and by Blake, Shepard, and Mouton (1964) has added significantly to our understanding of intergroup competition. Among the various problems to which this research has been directed is an analysis of the behavior of group representatives when groups compete with each other. The results of this research indicate that loyalty pressures tend to overwhelm logic because a representative is in danger of being perceived as a traitor to his group if he takes an objective point of view which might grant validity to some of his opponents' ideas. Each representative tends to minimize the commonalities and maximize the differences between his own and his opponent's position.

In examining the debate dynamics, one should attempt to be aware both of the real differences between the parties and of the exaggerated differences produced by the debate. In attempting to present both kinds of differences I am aware of the potential dangers of my stereotyping or in other ways misrepresenting the positions of the parties. To guard against this, I shall attempt to present their positions with regard to differing subcultures by a series of successive approximations which include different intellectual traditions, approaches to the study of organizations, and current membership groups.

INTELLECTUAL TRADITIONS

A number of accounts, both conceptual and empirical, have identified two somewhat conflicting traditions in the behavioral sciences (Bryun, 1966, Maslow, 1966). One tradition might be characterized by adjectives such as clinical, holistic, organic, and humanistic. The other tradition might be characterized by adjectives like experimental, precise, rigorous, and objective. While there are many ways in which these two traditions can complement each other, there are also times when one cannot simultaneously follow the values of both traditions. I think that it is fair to identify Argyris more with the clinical-organic tradition and Dunnette and Campbell more with the rigorous-objective tradition.

APPROACHES TO THE STUDY OF ORGANIZATIONS

As the parties in the debate seem to be closer to their own respective intellectual traditions, they also seem to have developed different orientations to the study of organizations (Argyris, 1964; Dunnette, 1966). There are three dimensions which I would suggest to characterize these differences.

1. *The expected payoff for improving the match between individuals and organizational positions versus modifying interpersonal and organizational conditions.* Dunnette and Campbell come from a tradition which emphasized the role of individual differences and selection in understanding, predicting, and improving organizational life. Argyris, on the other hand, has tended to focus his analyses of organizations more on the consequences of organizational structure, job design, and interpersonal behavior.

2. *Optimism versus pessimism with regard to the diagnosis of current organizational conditions and with regard to changing job behavior.* Generally speaking, I think Argyris sees more problems with today's organizations than Dunnette and Campbell do. Moreover, I also think that he is more optimistic about the possibilities

for changing the adverse conditions which he diagnoses than Dunnette and Campbell are. For Dunnette and Campbell, these two differences mesh rationally. A person who sees fewer problems would also see less need for radical changes. It does not follow quite as readily, however, that seeing more problems also leads one to be more optimistic about solving them. But for Argyris, this has seemed to be true.

3. *Organic versus Psychometrically Sound Research Methods.* In his portion of the debate, Argyris emphasized the difference between what he termed organic and mechanistic research methods without doing much in the debate to define what he means by the terms. However, I believe that his primary concerns are with data collection settings in which a subject who co-operates must perform monotonous tasks which are unilaterally imposed by the investigator. It turns out that many (if not most) psychometrically sound fixed alternative personality and attitude questionnaires require subjects routinely to complete a long series of questions whose answers are fully specified in advance by the investigators.

CURRENT MEMBERSHIP GROUPS

Argyris is a Fellow of NTL and one of the leading figures in the country in both the study and utilization of laboratory education for organizational improvement. Dunnette and Campbell are industrial psychologists of national reputation and Dunnette is a former president of Division 14 of the American Psychological Association. While there is some overlap in membership between the two groups, they tend to be characterized by rather different emphases in terms of theoretical orientation, research values, and behavior patterns. NTL has grown out of a more clinical tradition, produces theories more often from practical action than from systematic investigation, and the behavior patterns of members tend to be more action oriented. NTLers place a high value on individual choice, democracy, personal growth, and human emotions. NTL activities probably focus as much on groups, organizations, and communities as they do on individuals. Division 14 tends to prefer developing theory inductively from systematic empirical data. One of the most common interests in the division is research on selection and placement. Generally speaking, research tends to focus upon individuals rather than on groups, organizations, and communities. Members of Division 14 tend to place a high value on empirical research based upon extensive use of advanced statistical techniques. They abhor idle speculation and disapprove of making loose statements about data.

By outlining these subcultural differences, I do not mean to say that Argyris or Dunnette and Campbell consciously want to be modal members of their respective membership groups. In fact, I believe that both parties are more setters of new standards than they are preservers of old patterns. The irony of the debate, however, is that in this context both parties tend to look more like "pure types" from their respective subcultures than like the innovators which I and many others perceive them to be.

THE DUNNETTE AND CAMPBELL VERSUS ARGYRIS DEBATE

Up to this point I have tried to present a context for examining the symposium debate. The parties tended to represent different perspectives in behavioral science. Yet both perspectives tended to converge on the subject of laboratory education.

Now I shall attempt to take a look at the debate behavior of both parties in an attempt to show how they both contributed to polarizing the issues at stake in the symposium.

1. *Both parties seem to show a bias against generally accepted research procedures.* For Dunnette and Campbell, the bias is against open-ended response measures. They say, "Unfortunately Bunker used no structured questionnaires in his study . . . . Unfortunately, like Bunker, Valiquet relied exclusively on free or open-ended responses; no structured questionnaires were used." I don't understand why these authors object to free response measures. Bunker reported that his measures could be reliably coded by blind coders and that these measures did discriminate between experimental and control subjects. It seems to me that this is quite analogous to obtaining internal consistency reliability and predictive validity for structured measures. I tend to conclude that Dunnette and Campbell have other than rational reasons for objecting to open-ended measures. Perhaps it is because this type of measure violates some norms of their subculture.

For Argyris, on the other hand, the bias seems to be against before and after measures and the use of control and quasi-control groups. These are the basic ingredients in the research model recommended by Dunnette and Campbell in their symposium presentation. Argyris says, "However, there are many thoughtful practitioners who would be glad to include research if they could find ways to minimize the very real problems that they foresee if they use the mechanistic model that is recommended by Dunnette and Campbell." I think I know what Argyris means by mechanistic research methods, and I don't think there is any *necessary* reason why the use of before and after measures and controls has to be mechanistic. On several occasions, Argyris (1965a; 1965b) himself has conducted and reported research employing before and after measures and control groups. I doubt if he would term this research mechanistic, and I wouldn't either. Again I tend to conclude that Argyris' objections to these procedures is other than rational. Perhaps it is because these norms are not as well accepted in his subculture as Argyris would wish they were. However, as a representative from the subculture in an intergroup competition, he would be letting his group down to concede such a major point to his opponent.

2. *Both parties tend to underplay their own trailblazing contributions to research on laboratory education.* The measurement problems connected with assessing empathy are reasonably well known and were explained by Dunnette and Campbell in their opening statement. Dunnette's own research has made an important contribution toward solving these problems. Of the seven studies attempting to assess the impact of laboratory training on empathy and self-awareness, only Dunnette's study was free of the methodological problems. Yet in reaching a summary statement with regard to this research, Dunnette and Campbell say, "Thus, from this group of studies, we must conclude that evidence in favor of any claims that laboratory education can increase or change interpersonal awareness, 'self-insight,' or interpersonal sensitivity is very nearly non-existent." To make a statement which is this strong seems to put more weight on the six lower quality studies, some of which did show positive results, than on the one very high quality study by Dunnette which also showed positive results.

Argyris, on the other hand, has developed a reliable behavior coding system and has employed what Campbell and Stanley (1963) have termed a "quasi experiment" methodology to assess the impact of laboratory type interventions in on-going social systems. Like his adversaries, Argyris does mention his own work, but he does so in a way that hardly shows the scope of its contribution and might even be viewed as support for some of Dunnette's contentions. He said, "In three different studies it has been found that the behavior of executives does not tend to become more effective over time even though the executives can identify the costs of relatively low interpersonal competence to themselves and to the organization." He does not go on to say that a rather straightforward intervention of tape listening by the social system was followed by marked behavior change which was sustained after the change-agent left.

It is interesting to contrast the self-evaluations of the debator's own work which were given in the symposium with that which appeared in the separate publications. Dunnette (1969) says, "However, we have recently perfected and put into use a computerized method allowing the separate investigation of accuracy due to various of these prediction strategies. In fact, I believe—immodestly—that this new methodology is an important step toward leading us out of the methodological morass in which we have been mired . . . . I believe that we are on the threshold of a revolution in the quality of human interaction, that we now know how to avoid or to overcome pressures toward becoming *faceless masks* (his italics), and that we have the technology for learning more about *People Feeling* (his italics) than we have ever known before." It is especially noteworthy that this article was initially given as the Presidential Address of Division 14 of the American Psychological Association!

Turning now to Argyris' self-evaluation in a non-debate context, one also sees a much more positive tone. He says, "I was frankly surprised to see how alive and active the learning from the change sessions continued to be during the 14-month period. There were many discussions among the board members examining and reexamining what they felt were the results. Moreover, individuals were still experimenting with new kinds of behavior. Thus, although it was not my initial intent to develop a change process, it may be that the type of process described may be worth further exploration by those interested in organizational change . . . . Exploratory research has suggested that the categories can be used (1) with an encouraging degree of reliability, (2) an encouraging degree of predictive validity, and (3) as the basis to describe the increases or decreases in individual and group competence."

What reasons might one offer to explain the markedly lower self-evaluations which appeared in the debate in comparison with those that appeared in other writings? Certainly one reason would have to do with the competitive nature of the exchange. Neither party probably wanted to provide an inviting target to his opponent. In addition, however, I would suggest that the role of group representatives probably also has an effect. The common effect of groups in conflict is that group forces tend to heighten pressures on members to suppress their individual needs in order to work for the good of the group. These pressures toward de-individuation may have influenced both parties in the debate to undervalue their own contributions to research on laboratory education during the debate.

3. *Both parties tend to attend selectively to those points in question which can support their point of view; they tend not to consider alternative interpretations of the same phenomena which might not support their views.* Dunnette and Campbell caution against putting much faith in the reports of peers nominated by laboratory trainees because, for various reasons, they may be inclined to bias their reports in positive ways. I agree that this is a possibility. But there is another possibility which these writers do not consider. I think that is is also likely that having peers from the same organization may also work against getting positive results. A colleague may not want a trainee to change his behavior because than he might be forced to question his own assumptions or behavior. To protect himself from having to change, he might be predisposed to be inattentive to constructive changes that laboratory trainees may try to implement or even actively to resist them. Like the Dunnette and Campbell point regarding positive bias, this view is reasonable but not tested empirically. By including this possibility along with theirs, one may find their view a little less persuasive and therefore look to other criteria than post hoc hypotheses to assess the validity of the findings with regard to behavioral outcomes.

4. *Reactions to the debators' views by others have tended to support the idea that the outcome of the debate was increased polarization of views rather than increased exploration and understanding.* The May 1969 edition of *Industrial Relations* carried a comment on the debate by Thomas H. Patten. His first two sentences were, "The symposium 'Laboratory Training' provided Marvin D. Dunnette and John P. Campbell a chance to castigate laboratory trainers for the

inadequacy of their research, particularly regarding T-groups, and may have shed more heat than light. All of their criticism is myopic, pettifogging, and native." Later in the same paper, Patten evaluated Argyris as follows: "I was pleased to see Argyris respond as an iconoclast challenging the industrial psychology establishment rather than as a defensive purist concerned with slicing up reality for measurement with the traditional tools and tests." Can there be much doubt about whether the debate caused Patten to weigh the points made by both parties? It seems to me that he simply sided with Argyris. Moreover, his view of Argyris as one "challenging the industrial psychology establishment" seems to provide another bit of evidence for viewing the debate in the framework of inter-group competition.

The front page of the *Wall Street Journal* of July 14, 1969 carried a story with the headline, "Some Companies See More Harm Than Good in Sensitivity Training," by Byron E. Calame. This story began with a lead paragraph stating, "Last year a big New York consumer products company sent Mrs. D, a product manager, to a week-long sensitivity training program. She got so sensitive she quit the company." I think it is fair to say that this article gave a negative slant to laboratory education. Nowhere in the article was Argyris' work mentioned, but Dunnette and Campbell's views were cited in the following way: "Marvin Dunnette and John P. Campbell, psychologists at the University of Minnesota, tend to agree. After studying sensitivity training, they concluded that there's little evidence to support any contention that T-group sessions change the work behavior of most trainees. A few trainees, of course, aren't available for such evaluations because they have quit, like Mrs. D."

Even though reactions of this kind may not be typical, they were especially ironical for I doubt if either Argyris or Dunnette and Campbell wanted to ask people to choose up sides in the way Patten and Calame seemed to do.

CONCLUSION: CONSTRUCTIVE CONFLICT AND PRODUCTIVE INTEGRATION

In concluding, I would like to state my own conscious biases on these matters with the hope that this paper might contribute to a fuller understanding and utilization of constructive conflict and productive integration among the subcultures in behavioral science. Perhaps my strongest view is that the subculture for which Argyris speaks too often hears exclusively the point of view that he expresses in the debate, and the subculture which Dunnette and Campbell represent too often hears exclusively the point of view that they present in the debate. I say this as a person who himself tries to maintain one foot in each subculture. The tension which the debate underlines is one of the more important realistic dilemmas facing both practitioners and researchers who attempt to utilize behavioral science for improving human experiences. To have this dilemma turn into a win-lose fight in which some observers choose sides seems to me to be extremely unfortunate. I think the rigorous-objective subculture needs Argyris more than Dunnette and Campbell and the clinical-organic subculture needs Dunnette and Campbell more than Argyris. Yet both subcultures need their leaders, as one can see from looking at work produced by the debators in other than the debate context.

In terms of my own personal relationships, I am closer to Argyris than to Dunnette and Campbell. I see the style of this paper as slightly more in the clinical-organic mode than in the rigorous-objective mode. It is, after all, an intervention of sorts directed toward reducing the polarization between the two subcultures. At the same time I have the highest respect and personal regard for Argyris, Dunnette, and Campbell as people and for their struggle to deal with very important and very difficult problems. It would make me very sad if the things I say are viewed or used as a personal attack on any of the debators. On the other hand, much of what I have said is critical, although I see it as more critical of a social process than of the people who are attempting to come to grips with the process and thereby change it for the better. To borrow some words from John Gardner, I hope to be heard as neither an unloving critic nor as uncritical lover but as a loving critic.

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ORGANIZATIONAL RENEWAL: USING INTERNAL CONFLICTS TO SOLVE EXTERNAL PROBLEMS[1]

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Social institutions are being deluged by demands to change. These demands challenge institutions to increase both their relevance to public needs and the accessibility of their services to those who would like to use them. In short, the public is calling for institutions either to "renew" themselves or be replaced.

By and large top level managers of institutions are acknowledging the validity of the premises underlying demands by the public, but are having difficulties getting their organizations to change. Attempting to change an organization's external posture brings a manager face-to-face with key internal conflicts which formerly, without the added tension generated by a proposed change, could remain beneath the surface unresolved. Circumventing these conflicts limits the organization to non-systematic stop-gap interventions which seldom endure over time. Managers are recognizing this and, with increasing frequency, view coping with internal conflicts as a prerequisite to effective problem-solving of external issues.

What managers are only just beginning to realize is that parallels almost always exist between the conflicts an institution is having internally and the conflicts the public is having with the institution. For instance, if those within a welfare agency complain of not being consulted when decisions are made in areas of their expertise, one might predict that the agency's clients will also be complaining about not being consulted when new services are planned for them. Moreover, experiences in coping with internal issues provide those within the institution first-hand learning in coping with the same substantive issues they will face, perhaps in slightly different forms, when responding to outside demands. For example, a university administrator confronted by demands for including a

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[*] Special thanks to John McLaughlin and Lee Bolman for their help with the analyses of the data drawn upon in this report.

[1] This study was carried out under a contract awarded to the NTL Institute for Applied Behavioral Science, located in Washington, D.C.

greater number of black students has opportunities for learning by examining the issues he currently faces with Blacks who are already on his academic and administrative staffs. In balancing the organization's needs for common procedures, integration, etc., all of those involved are learning things about the organization and about themselves which they can apply to the struggle the organization is having in its interface with the public.

The remainder of this paper is a case summary of one social institution's attempt to cope with internal conflicts as a means of freeing itself for effective "renewal." This case is of interest for a number of reasons: first, management defined its internal conflicts as emanating mainly from "generation differences"—a conflict prevalent in today's organizations and parallel, in substance, to many issues alienating the public from social institutions; second, coping with internal conflicts helped the organization, in this case, produce a more accurate diagnosis of the issues it needed to confront externally; and third, research collected by behavioral science consultants hired to help with internal conflicts, played a key role in assisting top level managers to squarely confront renewal issues and move toward substantial changes in their organization.

THE INSTITUTION AND ITS PROBLEM

The particular organization under study was a district of 17 communities containing over 500 men and having almost complete autonomy from any other catholic superstructure. These communities operated parochial high-schools as their primary mission. The men in these communities both lived and worked together in groups of 12 to 25.

For some time the men of this district had been struggling with "external" issues of renewal, though, as a group, they must have ranked in the upper 10% of liberal thinking catholic religious communities. They had changed from a history of cloistered living to interact more dynamically with the populations serviced by their schools. Whereas their schools had always been able to provide high quality education and religious training at a nominal cost, contemporary trends were beginning to erode some of the advantages their schools held over public education. Gaps in their teaching ranks had caused this district to hire lay teachers whose number now accounted for about half of each school's teaching staff and, with rising attrition rates of religious faculty, appeared to be on the increase. Larger numbers of lay teachers being paid increasingly high salaries were pushing tuitions up and forcing cutbacks in the non-remunerative and unique services they performed. These problems took on an ironic quality since the religious order, to which this district belonged, initially had been chartered to teach the poor.

There were also concerns that some of the older men of the district were not up-to-date either with the curriculum they were teaching or with contemporary teaching methodologies. Moreover, public schools in the region served by this district were increasing in quality and Catholic families were placing less of an emphasis on their children receiving a formal religious education. Thus, in terms of teaching quality, relevance of objectives, and financial solvency, this district was feeling external pressures to change.

Internally, the renewal issues centered around interpersonal sustenance. Almost everyone seemed active in reevaluating their choice of living a religious life. Attrition rates which had been nominal over the years had reached a threatening level while enrollment of new members was down. Increased contact with the public world was leading men to examine whether the added possibilities for "religious communion" and "exemplary living" within these communities were worth the trade-offs of living lives of poverty, chastity, and obedience. Mutually satisfying and growth producing relationships within the community would make these trade-offs worthwhile. Unfortunately only a few members were reporting such relationships. Most men were complaining of loneliness and were characterizing their communications with others as superficially warm, distant and often frustrating. These unrewarding relationships were attributed to generation differences which the men claimed accounted for an omnipresent sense of conflict, particularly noticeable at times of external challenge.

As a means of coping with these intra-community tensions top administrators contacted the NTL Institute* for consultant help. They requested sensitivity training workshops designed to develop dialog and understanding among the different generation groups living in their communities. While his request is consistent with work performed in numerous organizations today, there were enough unknowns that the consultant asked, instead, to begin on a pilot scale monitored by research. Modifications in training then, could be considered before diverting large amounts of resources to this project.

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* A privately incorporated non-profit institute for the study and application of the behavioral sciences.

In designing the pilot training program, a reconnaissance was made to learn more about the generation differences reported by the client. Interviews did identify two attitude groups making different assumptions about what constituted the "good life" in community. The frequency and age distribution of these differences suggested the presence of some variation of a generation gap. One set of assumptions, frequenly held by older members, exphasized group identity and member commonalities. The other set of assumptions, frequently held by younger members emphasized acceptance for individual expression and a group identification through function rather than through tradition. The older members seemed to favor the traditional and take an evoluntionary approach to change while the younger members seemed to favor the contemporary and take a progressive, and at times revolutionary, approach to change. Each group viewed the other as blocking their opportunties for a rewarding community life. Members of both groups, however, reported that they would like deeper relationships with others in their community.

Seven communities took part in the research. Five received training and two were controls. The training was administered under different conditions, as part of another study, and the results summarized here take this into consideration.[4] The standard training consisted of two three-day workshops separated by 5 months. The workshops were specially designed for these communities and were administered under comparable conditions. Participation in the training was on a voluntary basis as was participation in the research. About ½ to ⅔ of each community volunteered for training and about ⅔ to ¾ took part in the research. Data were collected before, in the middle, and after the training. These collections corresponded to the beginning, middle and end of the 9-month school year.

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[4] A full report of all the results of these studies is being prepared in technical form and will shortly be submitted for publication.

RESULTS AND DISCUSSION

A first consideration in the research was to learn more about the generation differences and the problems they were causing within communities. A research instrument (McLaughlin, in preparation) was developed which distinguished among individual "Attitudes toward Community Renewal" (ACR scores). A low score on this measure was representative of traditional attitudes and higher scores were scaled to represent progressively liberal attitudes. The pretraining data did identify two attitude groups with substantial age differences: the mean age for 84 members having "traditional" ACR scores was 43.1 (S.D. = 12.7) and the mean age for 64 members having "progressive" ACR scores was 31.5 (S.D. = 7.8). The correlation between age and ACR scores was negative and significant,[5] $r = -.557$ (d.f. = 147). The composition of these attitude groups established, comparisons were next made on a number of dimensions thought important to interpersonal relationships in the community.

Individual preferences for community norms accuracy in perceiving norms and self-perceived alienation were measured.[6] The data can be summarized as follows. The participants in this study either reported themselves as alienated or they were alienated, as demonstrated by low accuracy in perceiving prevailing community norms. And since this pattern was in effect for both ACR groups (each ascribing to different norms) it appeared that individual community members were alienated for different reasons.

In anticipating the sensitivity training workshops, other data characterizing aptitudes in interpersonal communication were of interest. Data showed both ACR groups were below the average established by middle managers on a measure of propensity for openness and willingness to give feedback,[7] and both groups scored at about the average for middle managers on dogmatism.[8] Perhaps the biggest hint of things to come was in the analysis of pre-training relationships within each community. The intimacy patterns[9] for both of these groups were similar, being quite skewed in the direction of casual acquaintances rather than close friends, even among those with similar ACR scores who had lived together for 5 to 10 years.

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[5] The word significant will be used in this text to denote statistical differences at the .01 level of confidence.

[6] As measured by the "Do's and Don'ts" questionnaire described by Callahan (1968).

[7] As measured on the "Colleague" scale of the Personal Relations Survey of Hall & Williams (1967).

[8] As measured by the Social and Personal Reaction Survey of Rokeach (1960).

The data substantiated concerns that the training would not attract a very heterogeneous enrollment. The mean age of those who opted for training was 35 which compared with 47 for those in communities where training was offered but chose not to participate, and 34 for the controls. When compared on pre-training satisfaction with community living,[10] the group opting for training was significantly below those who abstained from training and somewhat below those in the control group.

Of course the main question addressed by the research was whether the training would bring about the changes needed for internal renewal. Over 90% of those who participated reported that the training was personally useful, producing valuable self-insights and positive changes in community. However, on the so-called "hard" dimensions hypothesized to indicate progress toward organization renewal, the data showed that training did not make an appreciable difference. Those who participated remained alienated, they failed to increase their accuracy in perceiving community norms, they did not become more open to feedback from others or report they wanted to give others more feedback, and with a number of important individual exceptions, their intimacy patterns remained about the same.

However, comparisons of the pre- and post-training data did produce four significant findings bearing on the organization's style of dealing with internal conflict. These findings are listed in an unabridged draft of this paper.

Taken together they indicate that communities were inclined to face conflict covertly rather than openly, and, that over the school year, living in a community wore on those with progressive attitudes so that they were inclined to "switch rather than fight," either becoming more conservative in their attitudes toward community renewal or dropping out. Those with progressive attitudes who took training were able to resist this trend, but at the cost of fractionation in the community as indicated by a drop in satisfaction among those with conservative attitudes who did not participate in the training.

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[9] Intimacy patterns were measured by an instrument specially designed for this study. Each person was given a list with the names of all the other members of his living unit. He was asked to put these names in one of five categories designating the depth of personal information he knew about each of the others and the depth of personal information he thought each of the others knew about him.

[10] Satisfaction with community life was measured by a 14 item questionnaire designed to survey immediate satisfactions and disappointments.

TRAINER AND CONSULTANT REPORTS

Consistent with the research findings were the reports of the six behavioral scientists who administered the training. Their consensual impressions were that these participants: had a relatively difficult time expressing feelings to one another; were slow in seeing how their own needs for enriched relationships bridged to the personal learning and growth of others; had their progress in the second workshop held up by an apparent fear of getting their hopes up only to be let down once again, when the workshop was over; and, possessed insufficient heterogeneity to make intracommunity workshops an efficient method for promoting community change. However, each of the trainers reported numerous intrapersonal changes on which they placed a high value.

Briefly, consider the new diagnosis which could be drawn from the research and trainer reports. It now appeared that homogeneous factors were at least as important as generation differences in understanding the difficulties this organization was having in renewing itself. Perhaps it was self-selection, perhaps indoctrination by tradition, or perhaps subconscious fears about intimacy in a monosexual community, that accounted for this group's difficulties in forming rewarding and growthful interpersonal relationships. Whatever the source, external events and current experiences in attempting to resolve internal differences were bringing these issues to a head.

The preceding research data, trainer impressions and consultant diagnosis were presented to District leaders in a two-day conference convened about five months after the conclusion of training. The conference was called for purposes of reassessing the internal situation. The consultants felt that the data would not present dramatic surprises to anyone but would serve to force leaders to squarely confront facts which they had previously been able to side-step. The consultant's report highlighted the high degrees of alienation, the difficulties people had in accurately viewing their communities, and the ineffectiveness of training in interrupting these aforementioned trends. Their presentation also emphasized the difficulties people had in taking interpersonal risks, either in attempting to deepen relationships or in confronting others directly. Discussion among the district leaders picked up on this theme, explicating how much expression people were withholding out of concern for upsetting the life-long security assured them by participation in a paternalistic community.

As a concluding recommendation the consultants asked that the report of their findings together with a transcription of the tape of the above mentioned discussion with district leaders be circulated to all members of the district.

CONSEQUENCES OF THIS PROJECT

The discussion which began at this meeting continued into the district and is energetically going on today. None of the issues being talked about are particularly new. However, the fact that discussion is taking place *openly* and people are being consulted about major changes which will be made shortly are contributions directly attributable to this project.

In addition to responding to the need for more open discussion three other conclusions, each having action consequences, seem to have come from this conference.

1. *That many men of the district are not able to sustain themselves in communities as they are presently formed, and alternatives to these living units must be sought.* Following this conference a number of communities have had younger men make decisions to share apartments in groups of four to six. There had been precedent for this action during the year of the pilot study but now there seems to be real support. Others, still living in the larger units are currently being polled for their preferences in living arrangements. This new procedure takes account of preferences in size, specific others and locale.
2. *That men whose teaching skills have become outdated must either return to university or be encouraged to take employment outside the school community.* In contrast to traditional practices where men were assured a teaching position for life, district members now will be required to stay

abreast of contemporary trends. In part this action represents a competitive response to keep district schools ahead of public education, and in part it represents a move to keep those within the community vitally involved in contemporary trends in living as well as in teaching.

3. *That assertive leadership is nowhere apparent from among the young.* District leaders are recognizing that leadership must emerge from this younger group for the district to persist. Allowing them to participate in decisions about living arrangements and work settings is viewed as providing younger men a greater range of autonomy and indicative of a new commitment to listen to them rather than fight. Needing to be squarely addressed, however, are issues, prevalent among the young who leave the district: of not enough opportunity to work with the poor and disadvantaged, of a flat administrative hierarchy which is not responsive to individual needs for recognition and achievement, and of trying to live a life of chastity in an increasingly permissive society.

Still to be implemented in organization changes are some of of the learnings from exploring internal conflicts among generation groups. The learnings from this project are not particularly complex but they were produced by experience, not theory, and therefore are particularly relevant for the men involved.

1. There are exceptions within attitude subgroupings. There are young with preferences for the traditional and older men with preferences for the progressive.
2. Although there appears to be a natural tendency to focus primarily on differences, similarities among generation groups also play a key part in understanding the workings of the organization. Reflecting on the finding that both subgroups are alienated has more relevance than managers remaining absorbed in trying to understand the role each group plays in producing alienation for the other.
3. There are costs in attempting to overpower another attitude group, however subtly done. In this particular case, the costs of high attrition and daily tensions made subtle confronting of generations issues a poor strategy for changing the other group.
4. There are some very real differences among the generation groups which can only be resolved when each group is willing to take separate courses of action. To do this, both

groups need to take more risks. They must switch from their tendencies to be overinvolved in defending their attitudes and underinvolved in experimenting with new actions.

5. No matter how strong the polarities between subgroups, there will be individual differences within each subgroup. These differences may be the bridges to eventual collaboration but can only emerge when subgroups are allowed to polarize. Men may be blocked from focusing on their unique roles and interdependence with others by not being able to go beyond their struggles for independence. Thus, district members might first be encouraged to find their natural constituencies and/or living units, and then asked to participate in finding opportunities for synergy through subgroup collaboration.

CONCLUDING REMARKS

In retrospect, the primary value of the training was as a diagnostic experience rather than as a treatment for changing relationship patterns. Not only were the data useful in reassessing the training methodology, but a process was created whereby this social institution was able to move through its internal conflicts to confront some key issues bearing on external renewal. This process is not yet over. No one expects it to be. The institution is unfrozen and many feel strengthened to examine uncertainties more realistically. Some had their defenses broken. No longer able to blame their frustrations on the organization's adherence to a fixed structure, they are having to assess their individual abilities and needs and create new living conditions for themselves. People will not develop capacities of deepening relationships overnight and most likely some will never develop them. However, new self-responsibility for improving living conditions and new recognition for the consequences of not taking action together with some counseling and perhaps sensitivity training within a different format, may constitute sufficient structural changes to help many to cope effectively with this challenge.

It is not intended that the reader make normative extrapolations from the specific issues described in this paper, although some probably are applicable to other types of organizations. The main points simply stated, are that organizations frequently are blocked from renewing their public relevance by a reluctance to address internal conflicts, surfaced at times of external demands for change. Coping with internal conflicts not only may free the organization to respond externally but provides those with the organization an opportunity to learn substantively about issues which are present in their organization's interface with the public.

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THE SENSITIVITY HYPOTHESIS IN LABORATORY EDUCATION: ITS EFFECT ON THE ORGANIZATION *

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Introduction

A comprehensive Organization for Economic Cooperation and Development (OECD) review of training programs in organizations has stated that the evaluation of leadership training should be carried out at three different levels: (1) "change in the individual; (2) changes in the behavior and attitudes of the individual within the organization, (i.e., will the change in the individual and the things he has learned affect this behavior at work?); (3) influence of the training on the firm, (i.e., based on such criteria as staff morale, the communication network, and objective measurements of the functioning of the firm . . .")[1]

One of the more innovative forms of organizational training in recent years has been that known as the laboratory education method.[2] A central component of this training often includes an interpersonal and group dynamics experience referred to as the T-group. A widespread hypothesis about the impact of T-groups has been their utility in enhancing the sensitivity of the participant to relevant dimensions of the personal needs and behavior of others. This goal is often represented as a desired learning outcome for participants from organizations, together with greater self-awareness, skills in effective group membership and experimentation with interpersonal style.

There has been research on the sensitivity hypothesis relevant to levels one and two of the OECD typology. Evidence for behavior

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* Acknowledgements: The author wishes to thank William McWhinney, Donald Marquis, Edgar Schein, David Berlew and H. Crawford for their assistance on this study.

[1] R. Meigniez, et al., *Evaluation of Supervisory and Management Training Methods* (Paris: OECD, 1963), p. 29.

[2] Laboratory education is an inclusive term referring to experientially-based training. Although T (for training) groups or sensitivity groups are one methodology in this field, the terms laboratory education and T-groups are synonymous for the purposes of this paper. A comprehensive analysis of various components of laboratory education is E. Schein and W. G. Bennis, *Personal and Organizational Change via Group Methods*, (New York: John Wiley, 1965).

change backhome in the organization is indicated by Bunker's work on the transfer effects of laboratory education.[3] The highest correlation reported in the Bunker study is for a variable labelled "Sensitivity to Others' Feelings—more capacity for understanding feelings, more sensitive to needs of others." Research demonstrating that T-groups do increase the interpersonal sensitivity of individuals is provided in a recent study by Dunnette. Dunnette has argued that before one can fully accept the claim that laboratory education results in more effective interpersonal relationships, it is important to demonstrate that T-groups can provide the empathy needed for these relationships: ". . . my map out of the bog does not, therefore, deal directly with how people come to form love relationships; instead it has to do with what I regard as more fundamental—the development of sensitivity, accurate awareness, or empathy, between and among persons." [4]

Previous efforts to examine sensitivity to others as a component of effectiveness in organizations have not been productive because of problems in measuring accuracy in perceiving others and the inadvertent choice of dimensions on which to examine sensitivity. Further, no previous work has explored the connections between a leader's ability to accurately perceive the individual needs of the members of a work team, his behavioral skill in responding to his differential perceptions, and whether, in fact he is responding to the real needs of his subordinates.[5]

It is the purpose of this paper to explore the linkage between the sensitivity hypothesis and the third level of evaluation identified by the OECD review. While we have some evidence that T-groups do enhance sensitivity and that sensitivity is a prominent behavioral effect of this training backhome in the organization, more evidence is required of its impact on relevant organizational dimensions. More specifically, the present study examines the effect of sensitivity to others, viewed as a quality of supervision, on the organizational factors of subordinate satisfaction with freedom in work and group performance. The primary concept of ***supervisory flexibility*** developed in the paper refers to the Tannenbaum, *et al.,* leadership skills of (1) accuracy in perceiving individual needs of subordinates (sensitivity); and (2) acting differentially according to perceptions (action flexibility).

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[3] D. Bunker, "Individual Applications of Laboratory Training," *Journal of Applied Behavioral Science,* Vol. 1 (1965), pp. 131–148.

[4] M. Dunnette, "People Feeling: Joy, More Joy, and the 'Slough of Despond,'" *Journal of Applied Behavioral Science,* Vol. 5 (1969), p. 27. The Dunnette concept of sensitivity is specifically defined as perceptual accuracy; the precise definition of the behavioral sensitivity skill in the T-group evaluation studies is not specified.

[5] The best conceptual statement of the sensitivity hypothesis applied to a theory of laboratory education and a theory of leadership effectiveness in organizations can be found in R. Tannenbaum, *et al., Leadership and Organization* (New York: McGraw-Hill, 1961). This book discusses the importance of leadership skills in perceiving accurately (sensitivity) and responding differentially (action flexibility).

THE MEASUREMENT OF SUPERVISORY FLEXIBILITY

Supervisory flexibility is measured in terms of individual need for independence among project group subordinates. The sensitivity component is defined as the accuracy with which a project supervisor perceives differences in need for independence among his subordinates; action flexibility is the extent to which he varies his closeness of supervision so as to be congruent with his perceptions of individual need for independence. The study was conducted in a large industrial research laboratory engaged in a variety of highly technical research projects. Twenty-three projects participated in the study including 116 non-supervisory engineers and scientists (subordinates); 23 first level project group supervisors (supervisors), and 23 second level supervisors (managers). The size of the projects ranged from 5–12 non-supervisory personnel.

The method of differential comparison, a correlation technique developed by Bronfenbrenner, *et al.,* at Cornell, was utilized to compute the sensitivity scores[6] and action flexibility scores. Subordinate need for independence[7] was measured on a short form of a questionnaire developed by A. Tannenbaum at Michigan and subsequently refined for a study of managerial style by Vroom.[8]

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[6] U. Bronfenbrenner, *et al.,* "The Measurement of Skill in Social Perception," in McClelland, *et al.,* (ed.), *Talent and Society* (Princeton, N. J.: Van Nostrand, 1958).

As noted earlier, one problem in studying the effects of supervisory sensitivity on organizational factors has been the difficulty in extracting an artifact free measure of accuracy. The Bronfenbrenner method was selected because it has generally proven to be valid: After reviewing the relationship of their measure to the criticisms of Cronbach and others, the authors state: "It is our belief that the only way in which a judge can obtain a high score (i.e., a high correlation) with this type of index—except of course through errors of measurement—is by being aware of objective differences among the persons he is asked to judge." (p. 49). For further evidence the reader should consult D. Berlew, "Interpersonal Sensitivity and Motive Strength, *Journal of Abnormal and Social Psychology, 63,* 1961, pp. 390–394. For the 116 subordinates in this study, the mean score on independence was 7.87 on a 0–16 scale where 16 is high independence. The standard deviation was 1.33 and the median score 8.00. For a fuller statement of the method of validation applied to this study, see J. Thomas, *The Concept of Supervisory Flexibility in an Industrial Research Laboratory,* unpublished Ph.D. thesis, M.I.T., 1966.

For a project supervisor to score high on action flexibility, the correlation between his perceptions of subordinate need for independence and their perceptions of how closely he is directing their work would be strongly negative. As George Strauss has pointed out, however, there are difficulties in relying on self reports of subordinates as measures of supervisory behavior.[9] In particular, a self report on closeness of direction can be biased by the nature of the affective relationship between a supervisor and a subordinate. As a check on this potential bias, no relationship was found, in the present study, between the extent of mutual liking between supervisor and subordinate and perceived closeness ($\text{Tau} = .02$, $p = .45$).

Thus far we have discussed the measurement of two supervisory skills which together we have labelled supervisory flexibility—sensitivity, accuracy in perceiving individual need for independence; and action flexibility, the ability to act according to one's differential perceptions by varying closeness of supervision. A third variable which we would hypothesize should be dependent upon these two skills is the extent to which closeness of supervision is congruent with the felt need of the subordinate for independence. We refer to this as *supervisory empathy* and this factor is measured by applying the correlational technique of differential comparison to the variables of subordinate need for independence and perceived closeness of supervision for each of the 23 groups. Further validation of the closeness of supervision variable is indicated by the fact, in computing empathy, that no relationship was found between need independence and closeness over the entire sample of 116 subordinates in the study (Tau = .02, p = .45). There does not appear to be a tendency for the type of bias that could occur in a self report on closeness, for example, if a highly independent subordinate, who was also quite happy with his project supervisor, reflected this by perceiving that the direction he received from his supervisor was not close. Project subordinates high on need for independence did not perceive themselves as receiving higher or lower closeness of direction than those subordinates low on need for independence.

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[7] The author is indebted to Professor William Evan, formerly at the Sloan School-M.I.T., now of the Wharton School, University of Pennsylvania, for permission to incorporate this data into the study. Data for the organizational variables of satisfaction and project group performance are also from the Evan study. See W. Evan. "Superior-Subordinate Conflict in Research Organizations," *Administrative Science Quarterly,* June, 1965, pp. 52–64. The items in the Evan questionnaires were developed from interviews, pre-tested in earlier questionnaires, and underwent necessary item analyses. Vroom reports a test re-test correlation of .61 over a seven-month period for the Michigan inventory measuring need for independence.

[8] V. Vroom, *Some Personality Determinants of the Effects of Participation* (New York: Prentice-Hall, 1960).

[9] G. Strauss, "Power-equalization in Organizations" in Leavitt, (ed.), *The Social Science of Organizations* (New York: Prentice-Hall, 1963).

FINDINGS RELATING SUPERVISORY FLEXIBILITY, EMPATHY, AND THE ORGANIZATION FACTORS OF INDIVIDUAL SATISFACTION WITH FREEDOM AND PROJECT GROUP PERFORMANCE

A first hypothesis of the study concerns the relationship between the two aspects of flexibility: sensitivity and the ability of the supervisor to respond according to his perceptions of the differential needs for independence of his project members. This hypothesis is, in some sense, a test of the linkage, within an organization, of the sensitivity hypothesis about T-groups confirmed by Dunnette's research and the behavioral change findings with respect to sensitivity found by Bunker.

A review of the social psychological research on interpersonal sensitivity reveals there is no unequivocal connection between the ability to accurately perceive others and one's ability to translate accurate perceptions into differential behavior. Tagiuri's recent review of this work has suggested that the linkage between perceptual and behavioral skills still remains a focal problem for future efforts in the study of person perception: "How does the perception of the other relate to action toward him? . . . This is doubtless a complex problem. . . . But was not the desire to understand this interplay one of the sources of impetus for much work in person perception?"[10] We would predict, then, that there is no necessary relationship between the two components of supervisory flexibility—sensitivity and action flexibility. Evidence for accepting this hypothesis is indicated by the fact that, although directionally positive, the correlation between the two was not significant (Tau = .19, two-tailed p = .23).

A second hypothesis concerns the relationship between supervisory flexibility and empathy. Project supervisors able to respond to their perceptions of subordinate need for independence (high action flexibility) could be "empathic" with the needs of these subordinates in one of several ways: (1) they might be legitimately empathic because they are acting according to accurate perceptions. That is, action flexibility would be positively related to empathy only under conditions of high sensitivity; (2) they could be empathic in an illegitimate sense by being inaccurate in perceiving the needs of their subordinates (high on action flexibility and low on sensitivity). This condition might prevail if project subordinates tend to vary their self-concepts with respect to need for independence according to what they see their supervisor inclined to do in the way of closeness of supervision. This phenomenon would resemble the oft-noted self-fulfilling prophecy where supervisors respond to subordinates on the basis of their own inaccurate assumptions about individual motivation; and because of either impaired interpersonal relationships or a highly rigid organizational structure, subordinates cope with this dysfunctionally by behaving so as to confirm these assumptions.[11]

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[10] R. Tagiuri, "Person Perception" in G. Lindsey, (ed.), *The Handbook of Social Psychology,* Vol. 1 (Boston: Addison-Wesley, 1969, p. 435).

In terms of the present study, the self-fulfilling prophecy would occur if subordinates interpreted their own needs for independence depending on how closely they were directed in their work, and this closeness was itself a reflection of subjective and invalid impressions by project supervisors of subordinate need for independence. Empathy, then, would not be reality based because subordinate needs would be a function of a supervisor's impressions; (3) supervisors could be acting on the basis of their own inaccurate judgments and be simply lucky in varying their closeness so as to be responsive to subordinate needs for independence. Here, also, we would still find a positive correlation between action flexibility and our measure of empathy.

If either condition two or three existed we would predict that high action flexibility would be positively related to empathy under the condition of low sensitivity and unrelated under the condition of high sensitivity; if the first condition were present, we would predict that empathy and action flexibility would be positively related under a condition of high sensitivity and unrelated under the condition of low sensitivity. Table 1 shows support for this latter explanation:

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[11] For a clear statement of the self-fulfilling prophecy syndrome applied to managerial behavior, see D. McGregor, *The Professional Manager*, (New York: McGraw-Hill, 1967).

TABLE 1

Relationship between action flexibility and empathy within sub-groups of high vs. low sensitivity[a] N = 23

	High Sensitivity		Low Sensitivity	
	High Action Flexibility	Low Flexibility	High Flexibility	Low Action Flexibility
Empathy	—.50[b]	+.18[b]	—.28[c]	—.16[c]

[a] The 23 sensitivity scores, in the form of correlation coefficients, ranged from a high score of .99 to a low of —.99, with a mean of .04, a median of .00, and a standard deviation of .65; the action flexibility correlations (where a negative correlation means a high score) ranged from —.87 to .92 with a mean of .06, a median of .00 and a standard deviation of .48; the empathy correlations (also where a negative correlation means high empathy) ranged from —.97 to .98 with a mean of —.14, a median of —.26, and a standard deviation of .55. The categories of high and low are based on median splits.

[b] Significance of difference, $p < .02$, Mann-Whitney U test, one tailed.

[c] Significance of difference, N. S., Mann-Whitney U test, one tailed.

It is important to examine the relationships between sensitivity, action flexibility, closeness of direction in work (a style which does not take into account individual differences in need independence) and the dependent variable of subordinate satisfaction with freedom in work. If the sensitivity hypothesis with respect to independence is an important dimension of leadership skill, it should be related to this type of satisfaction. Similarly, if the notion of need for autonomy has been exaggerated, in the sense that it neglects individual differences and lumps professionals into one "modal personality," as Mark Abrahamson and others have suggested, then closeness of direction would be unrelated to satisfaction with freedom in work. Table 2 shows support for the hypothesis that a more individualized style of project supervision leads to greater satisfaction with freedom in work.

The ability to vary one's closeness of direction in terms of perceptions of individual differences correlates positively with satisfaction; the ability to accurately differentiate among subordinates (sensitivity) is directionally correct and almost significant. Unilateral closeness of supervision, on the other hand, has no bearing upon this dimension of satisfaction.

Further analysis indicates that the significant relationship between action flexibility and satisfaction with freedom tends to be present under the condition of high empathy (see Table 3). The greatest

TABLE 2

Subordinate satisfaction with freedom related to supervisory flexibility and closeness of supervision[a]

	High Satisfaction		Low Satisfaction		
Variable	N_1	Mean	N_2	Mean	Significance
Supervisory Flexibility					
A. Sensitivity	11	.24	12	−.11	$p < .10$
B. Action Flexibility[b]	11	−.27	12	.13	$p < .05$
Closeness of Supervision	12	3.40	11	3.55	NS

[a] Mann-Whitney U tests, two-tailed; satisfaction with freedom was dichotomized at the median.

[b] A negative correlation signifies a high score on this variable.

satisfaction exists for the supervisor who varies his style of leadership according to his impressions of individual need for independence providing he is responding to the real needs of his subordinates (high empathy).

TABLE 3

Correlations (Kendall Tau) between supervisor's action flexibility and subordinate satisfaction with freedom, for supervisors high and low on empathy

	High Empathy	Low Empathy
	$N_1 = 12$	$N_2 = 11$
Correlation between Action Flexibility and Satisfaction with Freedom in Work	.50[a]	−.02[b]

[a] Kendall Tau, $p < .01$.

[b] Kendall Tau, NS.

A second organizational dimension explored in connection with the sensitivity hypothesis was that of project group performance. Two types of performance criteria were utilized in the study: (1) ratings of group productivity made by project subordinates, the project supervisor and a second level manager of the project. Productivity referred to a general sense of how productive it was felt the group was, together with specific ratings of how well it utilized funds allocated to it, achieved its goals and allocated its time; (2) subordinate, supervisor and manager ratings of the creativity of the project group. Creativity was defined as general sense of the group's creativity plus ratings on the number of new ideas the rater felt the group had come up with during its existence, the group's imaginativeness, and its contribution in developing new and original devices.[12]

The relationship of sensitivity, action flexibility, and closeness of direction to group performance is shown in Table 4. These correlations indicate that closeness of supervision is positively related to project group performance in this organization, at least in terms of the judgments of the superiors of the project supervisors in the study. Also, while closeness is positively related to performance, the ability to vary closeness of supervision in response to perceptions of differential need for independence (action flexibility) results in lower performance ratings. Sensitivity, the perceptual accuracy skill, has no bearing on group performance.[13]

TABLE 4

Correlations between project group performance and supervisory flexibility and closeness of supervision Kendall Tau, $N = 23$

	Correlation with Group Performance
Sensitivity	.03
Action Flexibility	.25[a]
Closeness of Supervision	.48[b]

[a] A positive correlation indicates a negative relationship, $p < .05$.
[b] $p < .01$.

The implication of these findings is that management training designs which emphasize the behavioral skill of acting on one's perceptions through the adoption of an individualized style of leadership may lead to less than adequate performance. One explanation for this may be the unnecessary time and energy consumed if a supervisor is to attempt to employ a highly individualized style of leadership. Another hypothesis could be that the action component tends to lead to poor performance when the project supervisor is responding to relatively inaccurate impressions of his subordinates; that is, he is low on sensitivity. Table 5 provides some support for this latter explanation by showing that the negative relationship between action flexibility and performance remains significant under the condition of low sensitivity.

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[12] Performance data were taken from the Evan study cited earlier and in order to insure independence from other variables in the study, only the ratings made by managers have been utilized. An analysis of variance was computed for the three ratings for each project, however, to show that within-project ratings were significantly related. In other words, subordinates, the project supervisor, and the manager should be judging the same effort. Within groups $F = 5.40$, $p < .01$. The productivity and creativity ratings were significantly correlated and have been combined into an overall project group performance index (Tau = .34, $p < .01$).

[13] Empathy was also found to be unrelated to performance, (Tau = .07).

TABLE 5

Supervisor's action flexibility and performance rating within subgroups of high vs. low sensitivity

	High Sensitivity				Low Sensitivity			
	High Action Flexibility		Low Flexibility		High Flexibility		Low Action Flexibility	
	N_1	Mean	N_2	Mean	N_1	Mean	N_2	Mean
Group Performance[a]	8	3.50[b]	3	4.50[b]	8	3.10[c]	4	4.25[c]

[a] Performance ratings were derived from questionnaire items utilizing five point scales; 1 = low, 5 = high. Because of the skewness of this distribution, the non-parametric Mann-Whitney U test was utilized to test differences. The mean performance rating for the 23 groups was 3.23 with a S. D. of 1.00.

[b] No significance of difference.

[c] Significance of difference, $p = .02$, two-tailed test.

This does not, however, offset the importance of the strong relationship shown in Table 4 between performance and a style of project supervision which does not differentiate among subordinates, and which can be characterized as one of unilateral closeness of direction. This finding can be interpreted in terms of Steiner's critique of attempts to argue that accuracy in interpersonal perception is important for group effectiveness.[14] His paper demonstrates that in social systems with a well-developed role system, perceptual skills which go beyond that required for effective role behavior can be detrimental to group performance. Because of the need for an organization to be attentive primarily to a role system rather than personalities, there is the implication in Steiner's thesis that the most favorable leadership style will be one which does not attempt to account for individual differences. If accuracy or sensitivity to others is important in leadership, it may be what has been labelled stereotypic accuracy, or sensitivity to generalized categories such as roles, rather than the ability to differentiate among individuals.

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[14] I. Steiner, "Interpersonal Behavior as Influenced by Accuracy of Social Perception." *Psychol. Rev.*, 62, 1955, pp. 268–274.

SUMMARY AND CONCLUSIONS

This paper has been concerned with one hypothesis about T-group training for organizations—that it increases the sensitivity of the participant to others in the organization, where sensitivity is defined as the ability to accurately perceive differences among these others. Given that Dunnette has shown that T-groups do increase sensitivity—and that the research of Bunker and others has demonstrated that sensitivity to others is a learning outcome of T-groups carried back into the organization, our purpose has been to evaluate the effect of sensitivity, as a supervisory skill, on subordinate satisfaction with freedom in work and group performance. An important aspect of the research included a study of the relationships between sensitivity, the ability of the supervisor to respond to individual differences and the extent to which, given these skills, he is able to respond to the real needs of his subordinates.

The principal conclusions are:

1. Accuracy in perceiving others is not necessarily related to the ability to translate this sensitivity into behavioral change toward others. One implication of this finding is that an important focus in laboratory education training design should be the relative weights given to enhancing sensitivity versus those systematic efforts required to help the trainee use such perceptual learning. A recent study by Bunker and Knowles has indicated the importance of the design problems with respect to these two goals. Longer laboratory programs were more effective in producing backhome changes in behavior because they allowed more opportunity to confront the issue and incorporate this learning into a design.[15]

2. Supervisory empathy was defined as the extent to which the real needs for independence of subordinates were being responded to as a project leader varied his closeness of direction among them. This conceptualization of empathy proved valid insofar as it appears to be based primarily upon sensitivity and action flexibility skills rather than self-fulfilling prophecies about the needs of subordinates or simply luck in varying leadership style in the correct way. The empathy concept could be useful as an organizational criterion on

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[15] D. Bunker and E. Knowles, "Comparison of Behavioral Changes Resulting from Human Relations Training Laboratories of Different Lengths," *Journal of Applied Behavioral Science,* III (1967), pp. 505–524.

which to evaluate laboratory education programs which have the purpose of developing sensitivity and action flexibility in managers.

3. Satisfaction with freedom in work tends to be more a function of a supervisor's ability to respond to real individual differences than the extent to which a large amount of autonomy is provided. This is important for what March and Simon have termed the motivation of the organization member to continue to participate or remain in the organization.[16] According to their synthesis of the major studies, "The greater the consistency of supervisory practices with employee independence, the less the conflict between job characteristics and individual self-image. . . . Where individual predictions are desired, we must try to distinguish individual differences in the strength of the independence norm." [17] Satisfaction with freedom in work reflects the degree to which one's self concept in terms of required independence is congruent with the amount of independence provided by the organization; the greater this incongruity, the greater the dissatisfaction, and the greater the pressure to withdraw. Further evidence for the importance of satisfaction with freedom for the non-supervisory personnel in this organization is indicated by the fact that it is strongly related to the degree to which they are satisfied with their individual performances in work. (Tau $= .34$, $p < .01$).

Training designs which increase the action flexibility and empathy of project supervisors should be considered in efforts to promote greater satisfaction with autonomy in the organization.

4. A general observation that can be made on the basis of this study is that sensitivity viewed solely in terms of the ability to make accurate distinctions among a particular group of organizational "others," subordinates, on one dimension, need for independence, has little consequence for such criteria as the satisfaction of those accurately perceived or the performance of the group comprised of the "sensitive" supervisor and his subordinates. Although further research is necessitated on other dimensions of sensitivity, the direct influence of this T-group training hypothesis on the organization (level three of the OECD typology) is rather minimal.

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[16] J. March and H. Simon, *Organizations.* (New York: Wiley, 1958).

[17] *ibid.* p. 95.

The project supervisors in our study, however, are in a conflicted position when, on the one hand, an ability to respond to the real needs of subordinates leads to satisfaction with freedom, while, on the other, a leadership style of unilateral closeness is associated with high group performance ratings from their superiors in the organization. This consideration highlights the importance of broadening the concept of sensitivity to others, if it is to be an objective in management training. Such a concept should include the following three elements:

1. Accuracy in perceiving others who occupy the same role, say subordinates, on dimensions which are crucial to their satisfaction and performance in that role. The present study has been concerned with this type of sensitivity as well as the ability to act on that sensitivity. Sensitivity training should be built upon the findings of a diagnosis of what dimensions it is important for the supervisor to be sensitive to.

2. Sensitivity to one's role set in the organization. This is the ability to accurately perceive conflicts between the expectations and requirements of others, such as the need of subordinates to be responded to individually and the expectation of a superior that one should employ a generalized style of supervision which neglects individual differences. Effort is beginning to systematically utilize the concept of the role set in training and change programs.[18]

3. A concept of sensitivity which stresses understanding the connections made by others between dimensions. To paraphrase George Kelly, we might refer to this form of sensitivity as "sensitivity to the implicit personality theories of others." In the present study, for example, project subordinates appeared to connect their self-images with respect to independence with feelings of satisfaction with freedom and the behavior of their supervisors toward them; and satisfaction with freedom was associated with satisfaction with individual performance. Similarly, if we consider that our performance measures were judgments made by the managers, then this group of others in the organization tended to associate high performance with unindividualized, closeness of supervision. There are other

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[18] See I. Dayal and J. Thomas, "Operation KPE: Developing a New Organization." *Journal of Applied Behavioral Science, 4,* 1968, and D. Williams, "Uses of Role Theory in Management and Supervisory Training," *Journal of Management Studies,* 1969, pp. 346–363.

such linkages which are important for the project supervisor to become aware of, including his own implicit theories.[19]

Without these last two definitions, the sensitivity hypothesis as it has heretofore been applied in training falls prey to Klein's incisive criticism:

> A basic confusion in speaking of accurate perception is an absolutistic way is to mistake a finite number of characteristics of an object or an event as the totality of what is potentially perceivable. . . . Accuracy can refer to only the degree of correspondence of a percept to a *single* attribute of an object—and only a measurable one at that; it has nothing to do with seeing the whole object . . . the price we pay for efficient perception is partial blindness.[20]

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[19] Additional analysis in this study found, for example, that project supervisors who believe that the typical scientist/engineer is low on need for independence also believe that they have little influence with their superior (Tau = .42, $p < .01$).

[20] G. Klein, "Cognitive Control and Motivation," in G. Lindsey, (ed.), *Assessment of Human Motives,* (New York: Evergreen, 1960, pp. 103 and 104.

VI

NEW GOALS AND STRATEGIES OF AMERICAN LABOR UNIONS

James E. Jones, Jr., Chairman

UNION PROSPECTS AND PROGRAMS FOR THE 1970's

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George Orwell once wrote that, "How right the working classes are . . . to realize that the belly comes before the soul not in the scale of values but in point of time." Orwell was indeed perceptive insofar as the American labor movement was concerned. The AFL during the first 50 years of its existence steadily rejected the intellectuals' vague reforms and the Marxist's millenium and instead chose to seek more—more wages, shorter hours, and better working conditions. By doing so, they firmly fixed the labor movement as a permanent and prominent part of the American landscape while those unions that followed other pied pipers disappeared from the scene. Moreover, inadvertently, the AFL helped alter the American economic scene surely more than those unions which had taken different routes. No matter what the AFL said about how it supported the free enterprise system, it was, in fact, through collective bargaining altering the system by preventing wages from being determined in the market place, by restricting the law of supply and demand as it affected workers, and so forth. And these restrictions on laissez faire economics readied America for the mixed economy of the 1930's and after.

Then in the 1930's, the labor movement expanded its definition of "more" to include support for a host of social welfare legislation (still mainly concerned with the belly). During that decade, it reached its peak of effectiveness since labor's goals and those of nonworking class liberals coincided. They both sought to help the poor and the unemployed—to deal mainly with the issue of quantity. In fact, one reason why liberals supported the Wagner Act was that they believed if more workers could be unionized this would raise the standard of living not only of those organized but of those not yet members of unions. For one brief shining moment, labor and liberals saw eye-to-eye and together pushed through the major changes which we have labeled the New Deal. By the end of this period, both groups together had forged certain basic changes in American life: one, they had wounded laissez-faire economics and replaced it with a mixed economy; two, they had changed a group of small, select trade unions into a mass, labor movement; and, three, they had destroyed the Marxist dream of using the working class's increasing poverty as the motivating force for a revolution by lessening poverty and misery among the organized workers. The worker's belly was finally becoming full, and the union movement, helped by middle class reformers, had helped to fill it.

But Orwell only believed that labor's genius was in recognizing that the belly should come first, not that it was more important than the soul. And it is this changing order of priorities which I believe is one of the keys to labor's prospects and goals in the 1970's. Will it continue to deal mainly with the problems of the belly or those of quantity as it has up to now, or will it shift some of its focus to the problems of the soul or to those of quality? "Trade unionism in the United States," in the words of one of its greatest historians, Philip Taft, "is a means of protecting the individual against arbitrary rule and raising his standard of living . . . and deserves high score" for its successes there.[1] Will it now be ready to deal more with qualitative needs which are more difficult to determine than hunger and more difficult to solve than unemployment? "Hunger calls for food to eat," comments a French member of the New Left. "But what does emptiness, boredom, dissatisfaction with life and with the world call for?"[2] The New Left claims it has an answer to this question and so wants to replace the old world with a new one. The labor movement, however, generally ignores the issue. It forgets that, as was true in the past, for it to progress best, it has to secure the support of other groups in America. It cannot say in response to the following objective of the Alliance for Labor Action: "To develop policies and carry out programs that will enable the American labor movement to repair the alienation of the liberal-intellectual and academic community," what George Meany said: "Well, I couldn't care less about that one."[3] The AFL-CIO should care more, for an understanding of what concerns liberals and others in America may help unions grow and better serve their members, as well as bring needed changes to American life.

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[1] Philip Taft, "Theories of the Labor Movement," in Industrial Relations Research Association, *Interpreting the Labor Movement*, December 1952, p. 38.

[2] André Gorz, *Strategy for Labor: A Radical Proposal*, Boston, Beacon Press, 1968, p. X. For a brief summary of the point of view of Gorz and his associates, see Sidney Aronowitz, "New Working Class, Old Labor Movement," *New Politics*, Vol. VII, No. 3, pp. 58–67.

[3] AFL-CIO, *Proceedings*, Eighth Constitutional Convention, 1969, p. 63.

It is not as if the discontent with the qualitative aspects of American life is only felt by the New Left. If this were so, it would be only a relatively unimportant matter, for whatever the loud noises from the New Left, it numbers only a few. And it is not as if only intellectuals, esconced in academic communities, beat their breasts concerning labor's faults. Academics generally are not particularly interested in the labor movement, and even those in such an organization as this one, the Industrial Relations Research Association, are less and less concerned with the problems of organized labor. We do not even have a radical caucus—which perhaps reflects on our irrelevance and the fact that young radicals, who once used to study labor problems, do not bother any more.

Not only the New Left and intellectuals, whatever their relative importance, are troubled by issues of quality or soul, but also large numbers of others (how many, it is impossible to tell) and one such group, as we shall see, is organized labor.

But first, there are the liberals. This group, once so sympathetic to organized labor, no longer cares very much about what happens to unions. They could not care less when the plumbers in Southern California try to raise their hourly wages to $11.61; they could not care less when a union talks about the need to protect apprenticeship programs while it is using them as an euphemism for keeping segregation; and they could not care less whether or not a union secures a shorter week (they recognize that this really often means more pay, not more time off). These reformers care about unions when labor takes a position on foreign policy or on civil rights (and for wrong or right reasons liberals are critical of unions in both areas). They only become sympathetic to unions when labor is trying to organize the really disadvantaged, such as farm workers or hospital employees. At other times, these once loyal supporters of labor are either disinterested or hostile to organized labor. And the reasons for this loss of support are not the result of the almost paranoid attacks upon intellectuals by AFL-CIO leaders but because the reformer is becoming more concerned with style, soul, or quality and less and less with what the union movement continues most concerned—namely, quantity, or more. For example, George Meany cannot understand why so many intellectuals and middle-class reformers supported a Kennedy or a McCarthy over a Humphrey or a Johnson and given his terms of reference, he is, of course, correct. But his terms of reference are no longer that of large segments of American society which once loyally worked with unions. (The liberals are surely not always correct in their disenchantment with labor, for the unions correctly have helped lead the recent fight for tax reform and continue justifiably troubled that inflation should not cause the workers' real wages to decline and that the price to be paid for deflation should not be a high rate of unemployment.)

The second group that talks about recognizing the need for quality of life includes some segments of management, and surely many of the intellectuals serving management. Industrial executives, unlike so many union officials, rather than fearing the nation's intelligentsia have used it—and at times even listened to it. And one of the messages these intellectuals have carried is the need for satisfaction at work—that the worker is not only concerned with his belly but is also concerned with other things; that, in fact, the belly is at the lowest level of workers' needs, and that once it is reasonably filled, the worker desires other satisfaction, be they social, ego satisfying, or developmental. As a result, some firms have become concerned that workers be given some role in decision-making concerning his job, that the work itself become more varied and creative, and that the worker have more responsibility concerning what he does. As a result of the work of scholars and propagandists for participative management, a number of firms are looking over their work situations and altering them. As a result, for this reason among others, unions have not been able to organize such firms as Texas Instruments, and such workers as white collar employees.[4]

The third group increasingly concerned with quality or style are the workers. For example, there are many signs which indicate the desire of workers for participation in decision-making. They are rejecting negotiated settlements. They have voted against their union officials causing increased turnover of union officers, often for apparently no real ideological reason (just as the rejection of the settlements do not normally result in any marked changes in the eventually accepted agreement). Both acts reflect at least the feeling that the workers want to be heard—even just to have the pleasure of saying "no." The pressure on the part of workers in local plants or of certain categories of workers, such as skilled workers, to have a voice in decisions affecting their futures is another manifestation of the push for participation. And then there are the few black caucuses demanding to be heard, and the increasing number of young workers, tired of tales about the thirties, who want to help decide their future in the seventies. Moreover, the current attack upon Boulwareism is not merely a fight over the terms of a contract, but rather, it is over the role workers should have in determining what should go into that contract.[5]

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[4] Arthur A. Thompson and Irwin Weinstock, "Facing the Crisis in Collective Bargaining," *M.S.U. Business Topics,* Summer 1968, pp. 37–44; Fred K. Foulkes, *Creating More Meaningful Work,* American Management Association, 1969, *passim.*

This worker discontent is not only over substantive issues but often reflects a concern with the style in which things are being handled—a desire to have a voice. One misreads this protest if one attempts to answer it by saying that since unions have become more democratic, provide more opportunities for change and are more decentralized, that "dissent can be expressed constructively within the present framework."[6] In theory, I agree with my associate, Peter Henle, when he made that judgment but people do not always act that sagely. It is like saying that blacks ought to protest only through the present channels since they have made much progress. But it is because of the progress, and it is because many of them do not believe that they can secure what they want through the "present framework," that they protest outside of it. Similarly the workers, having made much progress, having seen their quantitative needs becoming satisfied, may indeed become more restless (as they have) and may even look outside of the unions for answers to such questions as, "What does emptiness, boredom, dissatisfaction with life and with the world call for?" The dissatisfaction may cause him to feel threatened and to think about voting for George Wallace or feel frustrated, as many of our ethnic white groups in their urban enclaves do and blame the blacks for it. "The fundamental cause" of all this restlessness, according to Archibald Cox, may, however, run "a good deal deeper. It is part of the same ferment that produces the civil rights movement, the draft-card burnings, and the student demonstrations in Berkeley. Today everybody wants more of everything." And Cox is right. The workers not only want more money, but they want more of everything.[7]

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[5] For example, see Peter Bommarito's (the head of the Rubber Workers) views on youth and labor as reported in *John Herling's Labor Letter,* July 19, 1969, and compare it with the platitudes offered by Walter G. Davis, the AFL-CIO's Director of Education, in the October 1969 issue of the *American Federationist.*

[6] Peter Henle, "Some Reflections on Organized Labor and the New Millitants," *Monthly Labor Review,* July 1969, pp. 20–25.

This does not mean that George Meany is not correct when he declares that a union leader cannot stop asking for more money. "If he does," Meany declared, "he isn't going to be head of that union very long." And another union leader agrees: "I've never felt as much pressure from rank and file for more money." [8]

Obviously, this will continue to be true. No one expects a worker to be satisfied with what he is making. The very fact that he is making more will prompt increased demands, not less. But why do these demands continue to focus mainly on issues of quantity? It is because organized labor has rarely tried to satisfy other needs of its members. No wonder workers never think of going to their leaders with other requests. Organized labor has left to management the problem of increasing satisfaction *at* work. It has left to society the problem of increasing satisfaction *outside of* work. Labor has focused instead on the gut issues of money and job security, the prerequisites but not the only requisites of a good job. But unions in the 1970's must look to problems of quality. It needs to do this if it wants to grow, for some managers are concerned with this issue, thereby making it more difficult for labor to attract affected employees into unions. It needs to if it is to service the growing needs and demands, even if not fully articulated, of its members. It needs to as part of an increasing American concern with quality of life.

What are the specific needs to which I am referring? Insofar as organized labor's demands in collective bargaining, union leaders might begin by reading what management spokesmen have been saying, and some of them are doing, to make work more meaningful. One start might be to stop only hiring economists as staff employees (reflective of the belly syndrome already mentioned), and hire some sociologists, psychologists, and organizational behavior types. Union leaders trying to organize clerks, for example, bemoan the white collar employees' identification with management, but continue to use mainly economic techniques to organize them—with a steady lack of success. A new type of staff employee might be able to offer the prounion advice to counter the antiunion advice management is securing from its staff. Moreover, these staff members might be able to develop or identify worker demands so that the securing of job satisfaction will be the result of real worker participation through unions in collective bargaining, not as a result of management largesse.

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[7] Cited in Foulkes, *op. cit.*, p. 30.

[8] *New York Times,* December 1, 1969.

And what might some of these demands be? The right of the workers to have more discretionary power over their jobs (some truck drivers have fought for the privilege to take alternative routes than the one management designated), job rotation, and job enrichment are some examples. Others can be discovered at the work place, just as new economic demands have been discovered by the unions. More important is that the unions have fought for and achieved a voice in decision-making over the many matters now included in a typical union agreement. This indeed was a revolutionary change in American industrial life; now it has to broaden this involvement so workers have the right to participate with management in making a host of other decisions: involving first limited then broader aspects of production, planning, promotion, productivity, personnel, and priorities.[9]

Beyond these collectively bargained goals, unions will have to deal with the frustrations of the workers outside the job—urban blight, transportation bottlenecks, polluted air, excessive costs of inadequate medical care, old age, troubled schools, safety, status, leisure time alternatives, race relations, pervasive poverty, and foreign policy. The supposed failure of unions in not having fought hard enough to solve these problems has helped cause the split between liberals and labor discussed earlier. It has caused even those as sympathetic to trade unions as Professor Ben Seligman to argue that:[10]

> "If one accepts unions as essential instruments for improving the *immediate* material welfare of their members (and for that purpose there are few better instruments available) then it becomes

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[9] See Adolf F. Sturmthal, "Workers' Participation in Management: A Review of United States Experience," in International Institute for Labour Studies, *Bulletin* 6, June 1969, pp. 149–186; Foulkes, *op. cit.*, pp. 32–33.

[10] Ben B. Seligman, "A Balance Sheet of American Unions," *Mainstream,* June-July 1969, p. 49.

necessary for other groups to become the torchbearers of change. Unions perform very well within their specified limits. . . . We may have to let the matter stand there. If we are concerned with civil rights, Vietnam and reform, the burden of these issues necessarily must fall on other shoulders."

But as the union movement once expanded its horizons from just the material well-being of its members to the material well-being of the broader society and helped change the nature of our economic system (moving from collective bargaining to political action and thus wisely rejecting the reverse order recommended by Marxists and intellectuals), so, I would argue that once labor, through collective bargaining, recognizes that there is more to the job than money, and more to time-off than just hours, then labor may well expand its political horizons again. Once labor recognizes more fully that it now can afford to worry about the soul and, with the belly, make it a part of the labor body, a meaningful cooperation between liberals and labor may again be forthcoming. And such a goal for the 1970's is needed if the prospects for both labor and society for that decade are to be more pleasant than the decade through which we have just lived.

UNION BARGAINING GOALS IN THE 1970's

RUDOLPH A. OSWALD
AFL-CIO

More, more and more will be the tone of bargaining in the 1970's just as it was in the 1870's. Wage and salary increases will be the predominant theme. This will be particularly true of the early 1970's, as workers try to make up for their failure to secure real gains in the late 1960's. They will continue their fight to receive a fair return for their labor.

However, it seems to me to be more fruitful to try to envision the types of changes that will be made in fringe benefits, rather than concentrating on the rate of wage change, or the proportion of national income going to wage and salary payments. It is in the area of fringe benefits that innovations will occur, and while non-wage items will continue to represent less than half of total compensation, they will grow at a more rapid rate than wages.

Fringe benefits, which are really wage supplements, take various forms such as paid vacations or holidays, shorter hours, health benefits, work guarantees, pensions, etc. In many cases, benefits are achieved through group purchase arrangements which an individual could not secure as advantageously through his own purchase of a similar benefit. In addition, many fringe benefits enjoy special tax advantages.

Non-wage payments have grown from simple vacation plans in the late 1800's to a broad program of benefits, including vacations, holidays, health and life insurance, supplemental unemployment benefits (SUB), severance pay plans, sick leave, maternity leave, funeral leave, voting time, jury duty pay, employee transfer rights, moving allowances, reporting or call-in pay and overtime.[1]

In addition to these types of fringe benefits, one should consider such public social insurance programs as Unemployment Insurance, Workmen's Compensation, and Old Age, Survivors, Disability and Health Insurance. These public benefits were enacted in good part as a result of labor's legislative effort. Another type of benefit, not further discussed here, is the company cafeteria, discounts, passes, ball teams, company doctors, etc. Safety matters and environmental conditions will, however, be of growing concern.

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[1] Walter W. Kolodrubetz, "Growth in Employee-Benefit Plans, 1950–65," *Social Security Bulletin*, (April 1967), pp. 10–27.

Many fringe benefits were originally initiated by employers for the sole enjoyment of management personnel. Unions often got their ideas for negotiating specific fringe benefits from a review of management plans.

During World War II, non-wage payments expanded as a result of wartime economic policies, which repressed direct wage increases, but allowed improvements in benefits. Following World War II the concept of fringe benefits expanded into the broad area of pensions and health insurance. This trend was influenced by the 1949 Inland Steel case, in which the Supreme Court upheld the employer's requirement under the Taft-Hartley Act to bargain concerning pensions.

FACTORS AFFECTING GROWTH AND DIRECTION OF FRINGE BENEFITS

A number of factors, chief of which has been the general economic climate, have affected the rate of growth and types of fringe benefits in the past, and will have a substantial impact on future trends.[2] The rate of economic growth and of technological change, the level of unemployment and the general movement of the price level affect the ability of unions to achieve their goals and to determine the relative emphasis on specific benefits. These goals will be sought by unions not only at the bargaining table for their specific members, but also in the legislative halls for all.

In periods of rapid economic growth, there are greater returns to be shared. More funds will be available for benefits leading to an expansion of public social programs as well as privately negotiated improvements. Periods of rapid economic growth are also likely to be periods of innovation and experimentation in developing new benefit proposals.

Rapid technological change leads to an emphasis on job security and related benefits. Similarly, high levels of unemployment tend to make shorter hours and job security programs more attractive. If unemployment rises again, unions will press for programs to enhance job opportunities and protect existing jobs and income.

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[2] For a survey of studies of the psychological factors which influence fringe benefits, see Richard A. Lester, "Benefits as a Preferred Form of Compensation," *The Southern Economic Journal*, Vol. 33 (April 1967), pp. 488–495. These studies show that worker preference for compensation in the form of fringe benefits has been increasing during the past two decades.

Inflationary periods generally lead to greater concern with wages than non-wage payments. However, during periods of rising prices, both wages and benefits must be reviewed to ensure that they provide the real benefit intended. In distinction to the trend in the late 1950's and the 1960's, when many escalator clauses were curtailed or eliminated, I foresee not only the revitalization of such escalator clauses, but also their expansion to areas outside of the wage area, such as an escalator on pension payments, on long-term disability benefits and the like. Numerous precedents already exist. The federal Civil Service Retirement plan includes an escalator principle. In the life insurance area, the provision for insurance equal to one's annual salary or double one's annual salary contains an implicit escalator. In the health area, the payment for a semi-private room, rather than a specific dollar amount per day, is also an escalator. This approach will be broadened to protect additional benefit programs.

Other factors such as the trend of business consolidation both nationally and internationally affect the spread and content of benefit programs. Company mergers will lead to a faster diffusion among industries of a number of existing benefit programs. International operations will tend to make management more aware of the scope and breadth of foreign social insurance and benefit programs.

ALTERNATIVE METHODS OF PROVIDING BENEFITS

In discussing collective bargaining goals in the benefit area, one must consider the following alternatives: (1) a benefit may be secured by an individual on his own; (2) it may be provided on a group basis through an employment relationship; (3) it may be purchased through some co-operative group arrangement; or (4) it may be established through a public program. During the early periods of our industrial development, the individual was expected to look after his own interests completely—the "rugged individual." However, as the years passed, alternative methods developed. In many European countries, the emphasis has been upon governmental benefit programs. The Scandinavians evolved a more comprehensive approach. In the United States, the predominant development was the private benefit program, which augmented the basic public programs. The question always is, what will be the pattern of the future?

I think that there will be a continued expansion of public programs, superseding some existing private programs. Union bargaining goals cannot be divorced from the broad trends that take place in our society. As a matter of fact, unions will press to achieve improvements in benefits not only at the bargaining table, but also in the legislative hall, and will act as the catalyst for development of cooperative programs.

A number of benefit programs are already provided for the "poor" publicly, but for the rest of the population these are private benefit plans. For example, medicaid establishes a public program of health care for the "poor," paid for out of general revenue. However, for workers, who are the "non-poor," health care is basically provided by group health plans under collective bargaining or unilateral employer programs. In a few cases, health care is a prepaid group cooperative program, or occasionally still an individually purchased benefit. In many European countries, this is generally a broad based governmental program. I see no reason why the same type of public health insurance should not be extended in this country to all families, not just the aged. The unions in addition to their bargaining demands for dual choice health care plans have long stressed the need for national health insurance.[3] The achievement of such a social goal would have a tremendous influence on the mix of bargaining table demands, with private plans dovetailed to complement public health programs.

Another public benefit that currently seems restricted to the "poor" is housing. Today there are provisions for rent supplements of public housing for the "poor." At one time, the employer provided the company town for his workers. This "benefit" has fortunately largely disappeared. While some union housing programs exist, such as cooperative, low-income and retirement housing, the total number of such dwelling units is still miniscule in relation to the need. In order to overcome our massive housing shortages caused by the need for substantial influxes of new money, unions will demand that pension, life insurance, profit sharing and similar funds be used for expanded housing for those employees in whose names these funds are held. Some insurance and pension funds under union administration have already been used for housing purposes, but the bulk of such funds are under unilateral management control or effective management control in so-called union-management trusteeship. Unions in the future will be looking not only toward the level of benefits that are provided by these funds, but also towards the use of such funds for social purposes. The accumulated reserves of these funds are expected to more than double in the next decade.

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[3] The 1969 AFL-CIO convention reaffirmed its policy for a comprehensive national health insurance system. AFL-CIO, *Policy Resolutions of the Eighth Constitutional Convention, Atlantic City, New Jersey, October 2–8, 1969* (Washington: AFL-CIO, 1970), "Collective Bargaining and Health."

Job training and education are other areas that combine a mixture of individual, employer-union, and public programs. As a result of strong union pressure, massive outlays were made in the 1960's by the Federal Government to enhance job training and educational opportunities. This indicates a shift in the 1960's towards Federal involvement in job training and education that I foresee will be expanded in the 1970's. Unions seeking job training and educational opportunities for their members at the bargaining table and in the legislative halls so that they can upgrade skills and keep up with changing technology. A few unions have already developed programs in this area, dovetailed or incorporated into some of the public programs.

Child care centers are still in a rather embryonic stage of development and provided for in a variety of ways. Basically, individuals still make their own arrangements. A few union contracts call for such child care centers, and the Taft-Hartley Act was amended in 1969 to allow for the negotiation of trust arrangements for such centers. Cooperative child care and nursery schools have also developed in various parts of the country. A beginning has been made in providing public child care centers to allow "welfare" mothers with minor children to enter the labor force. All four of these approaches are likely to continue to grow in the decade ahead. Another public benefit that is now being provided for the "poor" is legal aid. Similar aid might be provided for workers through collective bargaining. Attorneys on the payroll or on a special retainer of corporations or unions might be assigned to resolve the personal legal problems of workers. However, I do not think that unions will favor the open-ended "fee-for-service" concept that has caused serious problems in the health field.[4] Nevertheless, the basic notion of group legal services will expand so that workers can receive necessary legal advice, aid and representation. The American Bar Association still opposes group plans and has erected special restrictions to the enactment of such plans.[5]

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[4] *Ibid.*

One area that I've neglected is that of profit-sharing. It is not new, as forms of it existed in the late 19th century. It exists by law in such countries as France and Mexico. It has flourished for years in such companies as Sears and Lincoln Electric. However, I foresee no broad expansion of this fringe benefit. Unions have basically opposed such plans because of their unfortunate experiences during the 1920's and the 1930's. Employers have also generally resisted such programs. As a result, I do not anticipate that profit-sharing will be the wave of the 1970's. There may well be expansion of production sharing programs such as the Kaiser Steel formula and others.

Specific Fringe Improvements

Significant progress in negotiating benefit improvements can be expected in three broad areas: (1) those dealing with job and income security; (2) those dealing with benefits that provide savings through group purchase such as insurance plans; and (3) those yielding additional leisure.[6]

Job and income security programs vary from annual wage guarantees to reductions in working hours. In the years ahead, salaries will replace wages for a number of jobs that are currently considered hourly rated jobs. In other cases, the distinction between salaried and non-salaried positions will blur, as hourly rated employees are guaranteed a certain number of hours per year. Such trends are already evident in the programs negotiated by the Longshoremen in the Atlantic and Gulf Ports whose contracts provide up to 2080 hours of pay or work per year. Another approach, common in such basic industries as steel, auto, aluminum, rubber and glass, establishes a type of annual guarantee through the extension of SUB plans.

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[5] The August 1969 meeting of the American Bar Association House of Delegates revised its Canons of Ethics to allow a lawyer to participate in a Group Legal Service program "only in those instances and to the extent that controlling constitutional interpretation at the time of the rendition of services requires the allowances of such legal service activities. . . ."

[6] T. J. Gordon, *A Study of Potential Changes in Employee Benefits* (Middletown, Connecticut: Institute for the Future, 1969), 3 Volumes.

Subcontracting limitations are another area that will receive increasing attention in the 1970's. Restrictions will be sought on contracting out jobs, either domestically or abroad, to workers not enjoying equal pay and benefits. The development of conglomerate and international firms highlight the urgency of this issue.

Unions will continue to press in a number of areas for shorter hours of work in order to provide additional job opportunities and increased leisure for workers. For example, the trend toward longer vacations of the last few decades will continue during the 1970's. In the 1940's, a one or two-week vacation was the general rule. In the 1950's the three-week vacation spread, and in the 1960's the fourth week of vacation became prevalent, along with the introduction of a fifth or sixth week of vacation in a number of union contracts. The sabbatical vacation idea was transferred from educational institutions to heavy manufacturing industries in 1962, as a result of the Steelworkers' negotiations in steel, can and aluminum.

Holidays will take on a form of mini-vacations under the federal act providing five Monday holidays in 1971. Besides these holiday-mini-vacations, the number of holidays will also be expanded to provide workers with time to attend to their own personal needs. Workers, as ordinary citizens, need time to perform their normal activities. They need time to vote, to register, and to deal with their elected and appointed public representatives and officials. They need time as parents to consult with teachers and do things with their children. They need time to engage in normal business dealings, such as renting or buying a house or purchasing other consumer goods. They may need time for court appearances or other legal obligations. These time needs of workers will be translated into union demands for "holidays" that a worker may use to meet growing personal needs in a more complex and affluent society.

The 8-hour day has already given way to the 7-hour day for millions of office and clerical workers. Union bargaining will spread the 7-hour day to workers in other occupations. Moreover, unions will demand shorter workweeks, although in some cases the shorter workday may be sacrificed for shorter weekly hours. For example, the workweek may consist of four 9-hour or four 8-hour days, or one of these schedules may be used only during the summer months. The number of 4-day weeks is already substantial, due to the rising number of holidays.

The workyear may also be shortened for particular groups of workers. For example, a 9-month job may be provided for many women employees, who will then be replaced for the three summer months by college students, thus dovetailing their available working periods.

The growth in fringe benefits will cause unions to renew their demand for doubletime pay for overtime. As these benefit levels have risen as a percent of total compensation over the last 30 years, the time and one-half payment has lost its impact as a detriment to the scheduling of overtime.

Unions will also try to write contract provisions allowing workers to reject overtime as increasing recognition is given to individual needs and desires. Women, in particular, are upset with employer requirements to work overtime.

Significant progress can also be expected during the 1970's in negotiating fringe benefits that provide savings through group purchase such as insurance plans. Group insurance is presently confined largely to life and health benefits, but the dropping of legal barriers may soon permit its application to auto and home-owners insurance and other types of services. Unions in Ohio and Wisconsin have already moved into the auto insurance area and this benefit now exists in a handful of contracts. Home-owners insurance also lends itself to the application of group insurance principles.

During the 1970's unions will seek to improve current fringe benefit programs and to provide a large variety of protective services both on and off the job.

Pension plans will provide survivor benefits as well as increased benefits as living costs continue to rise. In addition, portability and vesting will be stressed so that workers will not lose their benefits because of a change in jobs.

Occupational health and safety are matters of growing concern to unions. To the extent that new national legislation in this field does not provide adequate protection against these hazards, unions will have to win new safeguards at the bargaining table.

Conclusions

Bargaining goals of unions in the 1970's will be a continuation of their drive for increases in wages and salaries, a larger share of income, and improved fringe benefits. These goals will be influenced by the general economic climate and by the development of new public social programs.

Each contract, however, will depend upon the unique forces affecting that particular bargaining situation. Union negotiators will be responsive to the particular needs of their membership, which in turn will depend on the workers' age, length of service, income, number of dependents, and the level of pay and of benefits in their industry and the recent changes in those levels. Thus, ten years from now some contracts will contain none of the benefit programs listed here, but other contracts will have incorporated many of them.

DISCUSSION

Peter Henle
Bureau of Labor Statistics

Surely it has been seldom in the annals of the venerable Industrial Relations Research Association that a discussant finds himself confronted with what appears to be two such dramatically opposing viewpoints.

In one corner is the representative of academia making the case, rather a plea, for organized labor to turn away from the here and now, from issues of the "body" to those of the "soul," and away from demands of "quantity" to give more attention to the "quality" of life. In the other corner is the union spokesman, whose reply might be read in the first four words of his prepared paper, "More, more and more" Whether this dramatic conflict is more real or apparent is one of the points I wish to touch on in this brief discussion.

Let me turn first to the paper by Rudolph Oswald. We should note at the start that he was asked to be concerned only with bargaining issues; we cannot hold him responsible for not covering questions of organizing, legislative, political, or community affairs, important as these may be. On the bargaining front, he places the greatest emphasis on fringe benefits, giving a rundown of probable union objectives for the next decade. These represent not only an extension of present contract provisions, but also some intriguing new types of benefits such as legal aid, child care centers, group auto and group homeowners insurance.

I find little to quarrel with in the paper. Oswald does not attempt to place any priority on the various bargaining demands in his list. Perhaps priorities can be inferred, from the order in which individual items are grouped. For example, in discussing shorter working hours, three developments are suggested in the following order: longer vacations, greater number of paid holidays (which become mini-vacations as the holidays are placed next to the weekend) and the shortening of the workday. To me this seems to indicate that union efforts to shorten the standard workweek have largely given way to efforts to obtain additional days off per year. I think this development conforms to both economic and bargaining reality. It might be useful for labor to say so forthrightly.

Some issues, touched on only lightly would have been better explored in depth. For example, I am not sure that profit-sharing can be so lightly dismissed as a possibility for the 1970's. At present, one important segment of the labor movement, the UAW, seems firmly committed to profit-sharing, arguing that it would lead to a greater emphasis on the facts at the bargaining table, thus facilitating union-management agreement over the size of the compensation package. Although I share Oswald's skepticism over the chances for the widespread adoption of profit-sharing, I do think it is likely that, over the next few years, a number of unions will move in this direction. The decentralized American bargaining system tends to encourage some experimentation, and another 5 years of maturity on both sides of the table could very well lead to much greater interest in different type of labor-management cooperation, including profit-sharing. After all, have the Kaiser and other experiments of the 1960's been such dismal failures that no one any longer wants to travel down this path?

Now let me turn to the paper by Albert Blum. This is certainly cast from an entirely different mold. It is a stimulating, well-expressed plea for what the author believes "should" happen not necessarily what *will* happen, in the 1970's, preferably I would say beginning January 1, 1970. I will try to judge it in that light.

Blum is seriously concerned with the rising discontent in American life, not just among college students, but also among, he believes, union members and management officials, not just with the Vietnam war, but covering many different issues—the dissatisfaction of individuals on the job, the inadequacy of public services, the pollution of the environment, "pervasive" poverty, urban blight, etc.

These are very real issues. Many of us are concerned. Many of us were concerned in earlier times before TV and other media were able to highlight these problems. The question here can be simply put: what is the role of the trade union in meeting these issues? Blum thinks it hasn't been doing enough and suggests some additional actions for it to undertake, both at the bargaining table and on the outside. In bargaining, he would like unions to become more interested in job satisfaction and in ways for employees to participate in managerial decisions affecting them. Outside the bargaining arena, he wants the unions to "expand (their) horizons" to encompass these troublesome economic and social issues.

At the same time, Blum states specifically that he doesn't want or expect unions to abandon their traditional role of asking for *more*. In view of this, he might be said to be asking only for a change in emphasis in union activity between the "belly" and the "'soul;" yet the tenor of his paper as a whole implies a rather complete redirection of union goals.

In my view, Blum loses sight of the central role of the union. It is not in *business* (and I use the word advisedly) to solve the problems of society. It is in business to meet the needs of its members. Time and time again union members have shown that their support for the union is very directly centered around their needs on the job.

Let me illustrate this by referring to Blum's discussion of discontent among union members. Mention is made of several manifestations of this unrest, including the rejection of contracts recommended by union leaders, the displacement of union officials at the national and local level, the pressure for greater participation in bargaining by local union groups or categories of members such as the skilled craftsmen, and the activities of black caucuses in some bargaining situations. I certainly agree that these phenomena are far more common now than a few years ago. But to me the dissatisfaction appears to revolve around traditional issues of the "belly," not the "soul." Contracts are rejected because members feel aggrieved that their economic demands have not been met. Craftsmen insist upon the right to approve contract terms affecting them because they know that with this weapon they can obtain a higher wage differential. And officials are voted out of office because they haven't paid sufficient attention to the basic economic needs of the membership. (On this last point, one might say that in a few well-known cases, international union presidents lost their office not because they had failed to perceive the *quality* of life, but rather that they had become uncommonly familiar with the *quality* of life and partook of it to excess in such spots as Las Vegas, Reno, etc.) The actions of the black separatist groups, too, seem to me to be focused almost entirely on bread and butter issues, especially employment and promotion opportunities.

So the focus of union activity must remain the needs of the workers on the job. But within this framework unions seem to me to have moved already a good distance from the "belly" to the "soul." Many of the issues which Oswald stressed, health, leisure, child care, and housing for example, are wrapped up more with quality than quantity. Blum points to the need for a more thorough look at the problem of job satisfaction. Here I think he is on solid ground and the unions, particularly the AFL-CIO, could do more.

As for actions beyond the bargaining table, the unions have been enlarging their horizon. In fact, in my view, they can be criticized for attempting too much in the realm of legislative and political affairs, dissipating their effectiveness by spreading their limited resources over too many issues only indirectly related to employee welfare.

Special mention should be made of Blum's concern with the alienation that has arisen between the liberal intellectual community and the labor movement. He recognizes that the AFL was right in its early years to reject "the intellectuals' vague reforms and the Marxist's millenium" but at this point in time, he thinks the AFL-CIO "should care more" about this question. On this point he states "an understanding of what concerns liberals and others in America may help unions grow and better serve their members, as well as bring needed changes to American life."

This raises many important issues. For example, what is the relation of the intellectual to the labor movement? Or vice versa? Can the labor movement learn more from intellectuals of one persuasion than another? And what is today's meaning of the word "liberal" when there are so many varieties of views whose proponents classify themselves as liberal? Instead of answering these questions, for which time is not available, let me simply mention that as I read this quotation, the thought crossed my mind that perhaps this very same language could have been used by the Socialists in their arguments with Gompers 70 or 80 years ago.

The discontent abroad in the land may well be as serious as Blum suggests. It just might be a passing phase or confined to a smaller segment of the population than he believes. But for the present it certainly seems to be very real. There are steps that organized labor can take to help cope with this discontent, but I suggest that it is best equipped to deal with discontent in its own backyard, the job.

Perhaps the outcome of this issue, as well as many others, will in the end be decided by the young. In the coming decade, the union ranks will be getting younger and younger. Ten years ago 37 percent of all men aged 20–64 were under age 35. Today the proportion is 39 percent and by 1975 it is expected to be 44 percent. In other words, almost half of the group from which the active union members are drawn will be under age 35. This is bound to effect union goals, strategies, and organization. These young people will certainly have the chance to decide their own union destiny.

DISCUSSION

Lloyd Ulman
University of California, Berkeley

Reading Albert Blum's reflective and provocative paper has prompted two recollections. The first is of a question raised in a paragraph devoted by the ECONOMIST to the Amsterdam provos: "What do you do when your belly is full and God is dead?" My second recollection is of a conversation with the chief executive officer of the Oakland Central Labor Council during the first wave of student unrest in Berkeley a half-decade ago. The Secretary said, "I'll never understand this. No one is hungry."

Blum reproaches the trade union leadership for lack of concern, not only with problems of the spirit but also over their own estrangement from what is currently called the Liberal Establishment, whose members obviously are concerned people themselves. This estrangement is hardly a novel phenomenon. Estrangement between liberal or radical intellectuals and trade unionists in this country has been the rule; and if a brief honeymoon was ignited by the Great Depression and the New Deal that was an exception that proved the rule. Unionists and intellectual reformers have for the most part been of two different breeds. The former are lower class pragmatists and make no bones about acting in their collective self-interest; the latter are middle class idealists and make no bones about their altruism.

In practice of course, each carries a mixed bag. Good works do pay off for the altruist, in prestige or even moonlight income—at least so avers his offspring on the New Left in leveling the dread charge of Hypocrisy against the Old Left of Center. And on the union side, it must be acknowledged that the ghost of altruism—once better known as the Spirit of the Labor Movement—has not been quite laid to rest. To be sure, it dwells precariously among the dues payers; and I must at this point pause to register a brief and mild dissent from the judgment of our author when he interprets rank-and-file repudiations of contracts and officers as evidence of a prevailing mood of leftish malaise. That malaise exists is beyond dispute; that it is symptomatic of the inchoate anarchism shaking organized trade unionism elsewhere and college campuses everywhere is not improbable. But the strongest rank-and-file threat to liberal altruism in the American trade union movement comes not from the left but from the right, not from impatience but from indifference. And, most ominously, it is born out of fear—fear lest the amenities and badges of middle-class life be lost so soon after attainment and after so long and grim a striving. The plight of the nouveau bourgeois unionist fails to move the established bourgeois liberal; to the specialist in underdogs, the ex-underdog is likely to hold interest primarily as a potential donor—voluntary or otherwise—to the cause of those who still dwell in deprivation and indignity. Indeed, by virtue of their greater social and economic proximity to the unprotected masses, the union-protected masses probably have more to give than the education-protected middle classes. This may help to account for a lower level of altruism among the former and may cast the reformer in the unappetizing but yet constructive role of transfer agent, or pure social catalyst.

The labor leaders, of course, cannot be so pure; in seeking to further the altruistic aims of the labor movement they cannot ignore either the hangups or the appetites of their constituents. Oddly enough, they adhere more closely than the pure intellectual reformer to a purely intellectual rule of welfare economics: one can be certain of increasing the social welfare only when it is possible to better the lot of someone without worsening the position of anyone. To play a rough variant of this game—and, even more, to essay a cautiously redistributive role—something for everyone but a little more for the underdog—the labor leaders mount a curious sort of Robin Hood operation of their own and have developed an interesting institutional mechanism for the purpose. The mechanism is powered by the effective division of labor between the locals and internationals—devoted primarily to collective bargaining—and the central bodies, which are charged with responsibility for political and other communal affairs. Because collective bargaining is closest to the hearts of union members, the federations operate at some distance from them. Thus, while much of the political energy of the federation is devoted to providing support for activities of the bargaining clientele, a good deal can also be diverted to communal good works. (This process of quid pro quo recalls an eighteenth century definition of wit as the kiss given to common sense behind the back of respectability.)

There is no need for independent outsiders to join in this game, which can in any event be played without them. They should not be expected to join in rendering unto Caesar by supporting reactionary protective or subsidy measures. As nonplayers, however, they do have a stake in the outcome of labor's internal transfer process. For while altruistic politics plays a subordinate role to collective bargaining within the labor movement, it often plays a major role in the politics of social welfare—including civil rights, education, and foreign aid. Political purists often act as if they don't know where the legislative votes come from; this is because they are buffered by officeholders—especially Presidents—who do know where the votes come from. But now, more than ever before, it is essential that the importance of the material interests of the union-protected groups to the fight for the elimination of poverty, deprivation, and indignity among the unprotected be more widely and sensitively recognized.

Greater understanding—not to be confused with blind support or collusion—is necessary because this labor game is becoming harder to play. The underlying trade-off between the material interests of the union-protected groups and the parochial views which they are being asked to surrender is currently unfavorable to the cause of social progress. Moreover, collective bargaining itself has lost identity with the public interest at the precise moment when those outside the system want in. Many reformers as well as conservatives propose that the monopoly power of collective bargaining institutions be reduced; whereas the underprivileged want to share in the exercise of that power. In this respect their viewpoint is more alien to the viewpoint of the unionist than of the liberal reformer. Yet the unionists' viewpoint must be widened. While the reformer's understanding of that viewpoint must be deepened. A pinch of humility might help our learning process along. After all, what *does* one do when one's belly is full and God is dead?

VII

WORKER AND UNIONS PARTICIPATION IN DECISION-MAKING

Solomon Barkin, Chairman

INTRODUCTION

Solomon Barkin
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The profound changes in the relations among employees, employers, and government since the end of the war have stimulated many groups to reexamine the operation of many institutions, including those existing in our economy and industrial relations. Do they respond to the new objectives and the aspirations of the newer generations? Can they be made to function better to advance national goals? We are no longer wedded to existing institutions; they must justify themselves in terms of their contribution to the realization of man's expectations. The management, business enterprise, the trade union and the relationship of each to the other and their respective connections with government and the latter's functions in industrial relations are all proper subjects for reevaluation.

This session centers on employee participation in decision-making in the enterprise and trade-union. As is customary, we are concerned with the employee as an individual and with the agencies which represent him in industrial relations, the employee representative, shop stewards, works councils, trade union, and comparable organizations. The widespread interest in improving the effectiveness of representation of the employee or his representative in decision-making in the enterprise is reflected in the prominence these questions have achieved recently in the political life of France, West Germany, The Netherlands, Norway, Sweden, and the United Kingdom. In each, national bodies are actively searching new answers. In several countries, the trade unions themselves have become aware of the need of defining new relationships between local and central bodies. The forces of centralization and decentralization are both actively at work and a new balance has to be struck.

Two papers deal with the relations of workers and trade unions to enterprise decision-making and propose new tools for understanding. The third discussed these forces of centralization and decentralization in Switzerland.

The first two papers developed taxonomic schemes to describe the workers and trade unions reparticipation in enterprise decision-making. Dr. King proposes two dimensions; (one) comprehensiveness, thereby inviting us to consider the relationship of the worker or his representatives to management on the job, plant, (we would add company), industry, region, and nation, and (two), "time when issue arose." In the latter dimension he suggests three stages: (a) initiation (problem formulation), (b) policy formulation and decision-taking, and (c) implementation of policy. He indicates that there are two separate steps in each stage; namely, exploration and decision-taking. One could add as Furstenberg suggests, a before and after step at the above sixth stage and a post-installation stage.

Dr. Peterson contributes two other dimensions. The first is the agency of representation: the worker, works council, or the trade-union. The second is the nature of the relationship; namely, no influence; voluntary of compulsory notification; notification and information with or without voluntary consultation; compulsory consultation and information, joint determination and union unilater-decision-making.

The taxonomy proposed in these papers can be improved to develop a widely accepted series of categories for slotting all practices and, thereby, eliminate much current confusion in discussion.

The third paper on the relationship of regional and national unions in the decision-making process in one European country indicates another area for fruitful comparative institutional research. There is need for comparing the respective forces for centralization and the ways in which the individual members and local groups are able to maintain or even enhance their positions in the trade-union institution.

DIMENSIONS OF WORKERS' PARTICIPATION IN MANAGERIAL DECISION MAKING

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INTRODUCTION

Industrial relations in the United States are atypical in the sense that they seldom provide the labor force with a formal and legitimate right to participate in managerial policy making. Although the "human relations" movement tries to introduce informal participation by the workers, it does not provide them with the formal right to hear and be heard on various wage and nonwage managerial decisions.[1] In industrial nations outside the United States the legitimacy of this right has been widely established.[2] Using the criterion of degree of control over management, we can distinguish the following three models of workers' participation: (a) Joint Consultation, (b) Codetermination, and (c) Workers' Management.

The British system of Joint Consultation,[3] which emphasizes procedures of consultation participation, represents the lowest level of managerial responsibility by the workers. The system of Codetermination,[4] developed in the West German mining, iron and steel

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[1] Mark van de Vall, *Labor Organizations: A Macro- andMicro-Sociological Analysis on a Comparative Basis* (Cambridge: Cambridge University Press, 1969).

[2] *Consultation and Cooperation Between Employers at the Enterprise* (Geneva: International Labour Office, 1962), pp. 17–23.

[3] See Figure I. Excellent descriptions of the system of joint consultation are available in the following: Hugh A. Clegg and T. E. Chester, "Joint Consultation," *The System of Industrial Relations in Great Britain,* Allan Flanders and H. A. Clegg, (eds.), (Oxford: Basil Blackwell, 1964), pp. 323–64; Ministry of Labour, *Industrial Relations Handbook* (London: Her Majesty's Stationery Office, 1961), pp. 18–26; and National Institute of Industrial Psychology, *Joint Consultation in British Industry* (London: Staples Press Limited, 1952).

[4] See Figure II. For complete descriptions of the system of codetermination, see Gerhard Leminisky, *Der Arbeitnehmereinfluss in Englishchen und Franoesischen Unternehmen* (Koeln: Bund-Verlag GmbH., 1965); Adolf Sturmthal, *Workers Councils* (Cambridge: Harvard University Press, 1964); and Freidrich Furstenberg, "Workers' Participation in Management in the Federal Republic of Germany," *Bulletin,* Geneva, International Institute for Labour Studies, Vol. 6, June 1969, pp. 119–136.

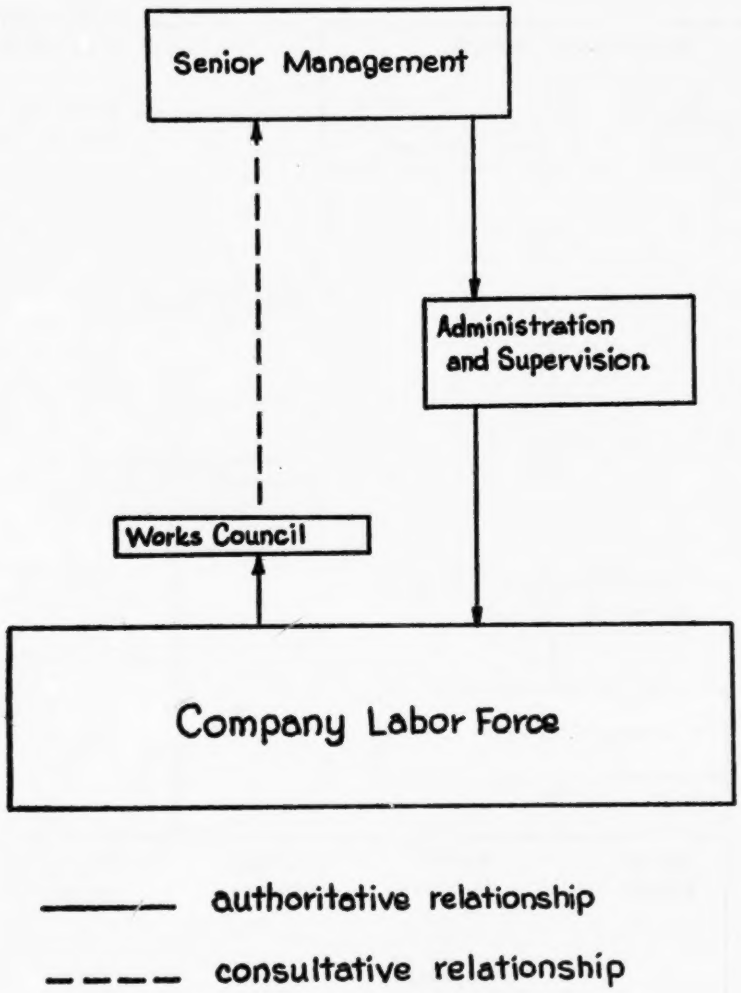
Senior Management
Administration and Supervision
Works Council
Company Labor Force
authoritative relationship
consultative relationship

Figure 1: The System of Joint Consultation

industries, provides the workers restricted participation in actual company management. As such it represents the intermediate level of managerial responsibility by the workers. The system of Workers' Management,[5] founded in 1950 in Yugoslavia, represents the highest level of managerial responsibility by the workers. In this system, through the Economic Units, the Workers' Council and the Executive Committee, the managerial authority of the industrial enterprise is

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[5] See Figure III. Excellent accounts of the Yugoslav system are available in the following: Albert Meister, Socialisme Et Augogestion: *L'Experience Yugoslave* (Paris: rue Jacob, 1964); and International Labour Office, Worker's Management in Yugoslavia (Geneva: International Labour Office, 1962). A most complete and recent work is M. J. Broekmeyer, *De Arbeidersradd in Zuidslavie* (Meppel: Boom, 1968).

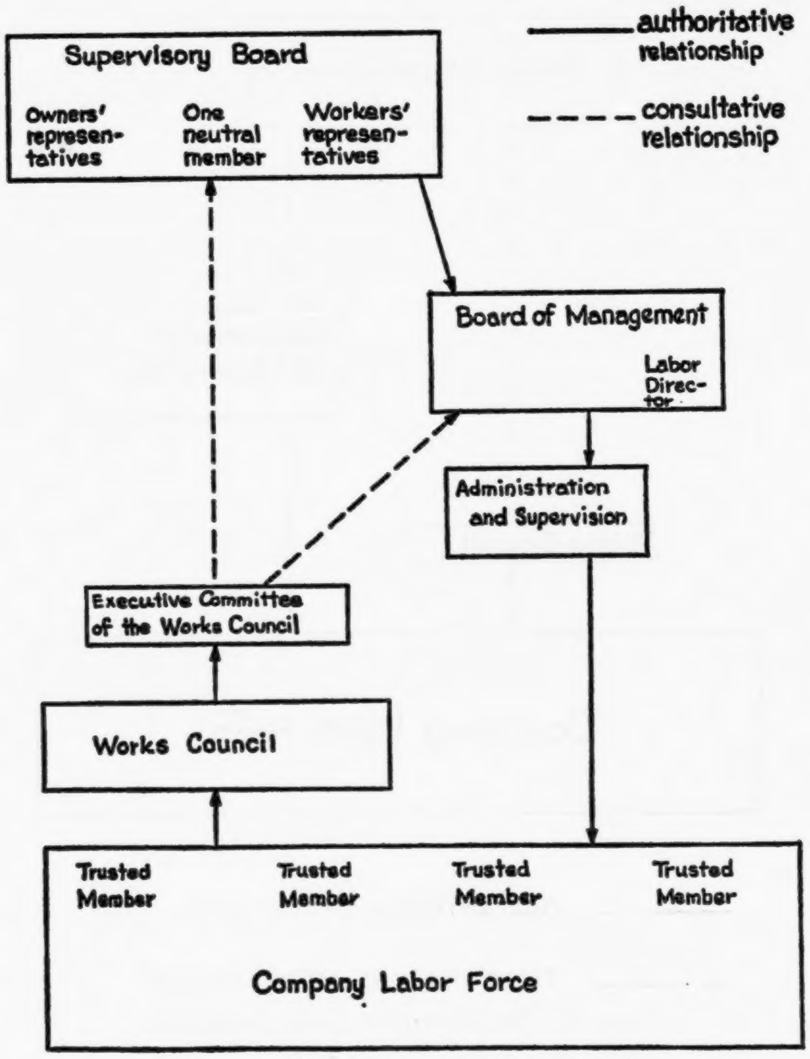
authoritative relationship
consultative relationship
Supervisory Board
Owners' represen-tatives
One neutral member
Workers' represen-tatives
Board of Management
Labor Direc-tor
Administration and Supervision
Executive Committee of the Works Council
Works Council
Trusted Member
Trusted Member
Trusted Member
Trusted Member
Company Labor Force

Figure 2: The System of Codetermination

formally vested in the workers, within limits defined by Federal law and imposed by the Director.[6]

Different as the three models of workers' participation are, they can nonetheless be compared on a number of organizational dimensions. In an effort to cast their evaluation in objective terms, the authors have been trying to develop such a set of theoretical criteria. Out of eight organizational variables used for this purpose, two have

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[6] This system of decentralized industrial relations was lastly affirmed by the Yugoslav Communist Party in 1966. Until this, the principle of economic units had been enthusiastically supported by the unions but opposed by many in the party. See Broekmeyer, *op. cit.*, p. 362.

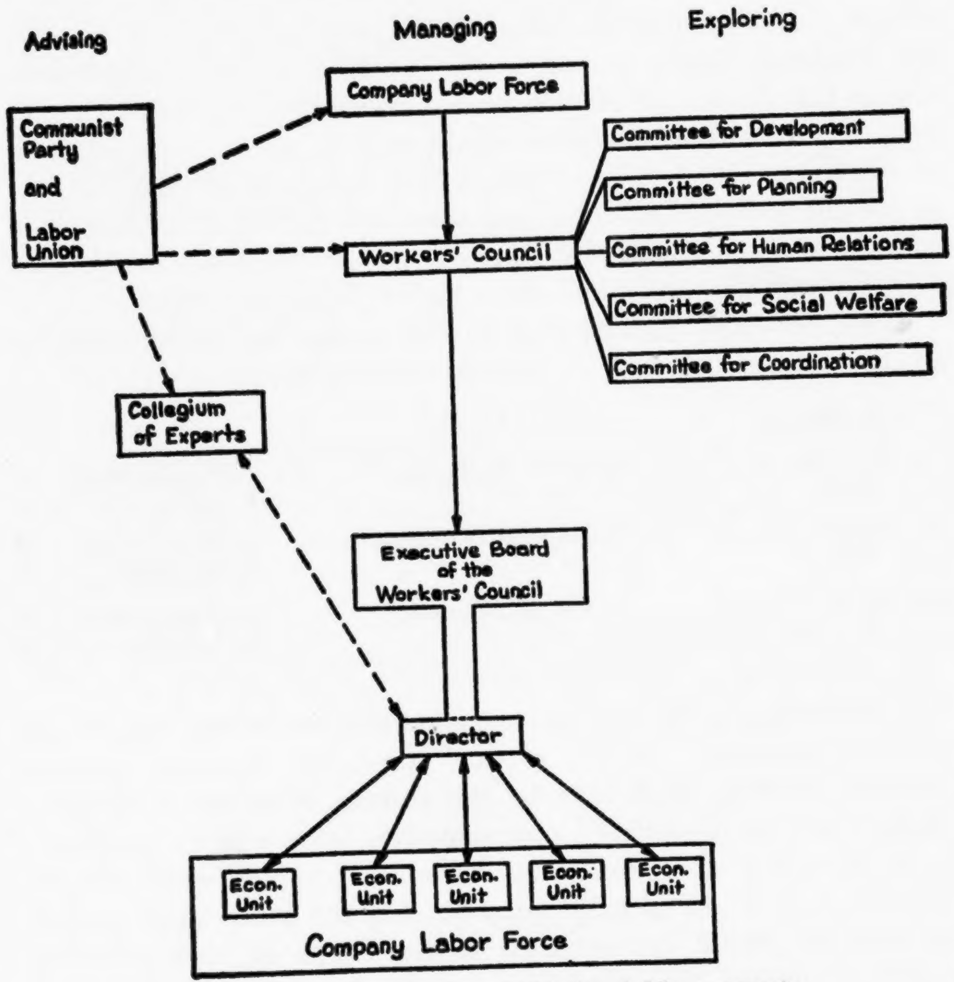
Advising
Managing
Exploring
Company Labor Force
Communist Party and Labor Union
Committee for Development
Committee for Planning
Workers' Council
Committee for Human Relations
Committee for Social Welfare
Committee for Coordination
Collegium of Experts
Executive Board of the Workers' Council
Director
Econ. Unit
Econ. Unit
Econ. Unit
Econ. Unit
Econ. Unit
Company Labor Force

Figure 3: The System of Workers' Management

been selected for discussion in this paper, the first being the "timing" and the second the "comprehensiveness" of workers' participation in managerial decisions.

THE TIMING OF PARTICIPATION

The Variable Defined.

The variable of "timing" indicates at which of the stages and steps in the process of managerial decision-making workers' participation occurs. Decisions on company policy are usually initiated at the level of Directive Authority (Stage I), in terms of resources and goals. How these directives will be carried out, i.e., by what ways and means, will be decided at the level of Administrative Authority

(Stage II). The implementation of the policy, in terms of workers and machines, finally occurs at the level of Executive Authority (Stage III).[7] At each of these levels, policy will proceed along two steps, e.g. (A) the exploration of alternatives, and (B) the decision on solutions. The decisions made at Step B depend to a great extent on the alternatives discovered and presented in Step A. While Step A requires a continuous and relatively cooperative relationship, Step B is discontinuous and allows for a higher degree of conflict.

Thus, workers' participation in the managerial decision-making process can occur at each of the following six steps:

Stages:	Levels:	Steps:	
I. Initiation of Policy	Directive Authority	A. Exploration B. Decision	1 2
II. Preparation of Policy	Administrative Authority	A. Exploration B. Decision	3 4
III. Implementation of Policy	Executive Authority	A. Exploration B. Decision	5 6

It is obvious, in view of this sequence, that the timing of participation is important. Action at one stage, for example, can be rendered relatively ineffective by the absence of action at all other stages. Further, if workers' representatives were only to participate in Steps A, they would be excluded from determining which alternative solution will be actually pursued. On the other hand, if their participation would be restricted to the Steps B, their decisions would be limited to alternatives largely determined outside their control. Participation in Step A, however, requires extensive committee work and a great deal of technical knowledge, often more than the average worker possesses.

THE SYSTEMS COMPARED

Joint Consultation.

Participation in the system of Joint Consultation is focused almost exclusively at the exploratory Step A of the administrative (Stage II) and executive (Stage III) levels of management. The members of the works council do not participate in originating policies

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[7] Our conception, to this point, follows the traditional view of the managerial hierarchy. See Neil Chamberlin, *The Union Challenge to Management Control* (New York: Harper and Brothers, 1948), pp. 21 ff.

(Stage I), neither do they at any of the three levels participate in the actual decisions (Step B). While this leads to a low rating for timing, there is evidence that the actual practice is even poorer than designed by the formal organization. Officially, the sequence followed in consultation is to first engage in discussions on a particular policy, next to reach agreement, and then to initiate managerial action along the lines agreed upon. In practice, Fuerstenberg found this sequence often to be reversed, with action being initiated without prior consultation, the council members reacting by complaining, and discussions either leading to agreement and modified action, or being referred to supra-plant consultative bodies.[8] The major function of Joint Consultation lies probably in compensating for the inadequacy of union bargaining to continuously explore and accompany administrative and executive managerial policies.

Workers' Management.

With its focal point at the level of directive authority, the timing of participation in the Yugoslav system appears to be more conclusive than in Joint Consultation. Considering Step A (exploration) at the directive level of authority, questions arise regarding the workers' ability to cope with the demands of information gathering and assessment. By delegating much of this work to five committees (Figure 3), the councilors are assisted in overcoming this knowledge gap, as it allows them to specialize on one or two areas of plant management. However, the competence of the workers' representatives lies still behind that of the technical and administrative staff on whom they depend for information. Thus, at the level of directive authority the system rates only "qualified yes" for the exploration of alternative policies (Step A). The implication is that the council's participation is mainly confined to deciding on alternative solutions largely determined by others, especially the "Collegium" of senior executives, experts and the plant Director.[9] At the administrative level (Stage II), the Yugoslav system rates high at both the Steps A and B, mainly because of the role of the Executive Committee of the Worker's Council. This Committee and its staff are constantly on the job, working closely with the plant Director. Although occasionally their competence might be questioned, they are a select group from among the councilors, with better than average qualifications.

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[8] Friedrich Fuerstenberg, "The Dynamics of Joint Consultation," *British Journal of Sociology,* Vol. 10:3 (September, 1959), pp. 204-12.

[9] This "collegium" of experts consists of the heads of the principal departments, including the production manager (technical director, or chief engineer), the chief of the finance and accounting department, the commercial director, and the secretary of the firm (administrative director, or personnel manager). See Broekmeyer, *op. cit.,* pp. 52, 124 and 269; and International Labour Office, *op. cit.,* pp. 163-66 and pp. 107-108.

Participation at the level of executive management (Stage III) is in a process of transition in the Yugoslav system. On the one hand, it is here that the powers of the Director are concentrated, who can refuse executing council directives which he views as a violation of federal regulations, and whose method of implementing directives can determine their success or failure.[10] On the other hand, in an endeavor to increase the workers' participation in the Steps A and B (exploration and decision) at the executive level (Stage III) the Yugoslavs have recently introduced the rather spectacular innovation of delegating responsibility over hiring, firing, supervision, merit rating and discipline to the "Economic Units" of 20 to 100 workers.[11] It is still too early to determine whether this has actually led to the desired result. In this system the union's role is mainly one of mediating between conflicting groups of workers, education and control, with its major functions in the macro-economic sector.[12]

Codetermination.

In Codetermination, more than in the other systems, the workers do indirectly participate at the directive level (Stage I) of industrial management. Highly competent representatives of the workers sit on the Company's Supervisory Board, and take part in both the exploratory (A) and decisive (B) steps of policy-making. Their ability is not as in Yugoslavia, subject to serious question, for these representatives are highly qualified by a wide experience in responsible positions in industry, the unions, state or local government, or because of their educational background.[13]

While on the Supervisory Board the workers' representatives participate fully in the making of decisions (Step B), their influence is more restricted in the exploration of alternatives (Step A). This is because of the tendency for each of the groups of labor and stockholder representatives on the Board to act more like separate factions than in concert.[14] Each group will, for example, caucus prior to Board meetings, with the Labor Director and the Chairman of the Works Council joining in the strategy session of the workers' representatives. As the stockholders' faction of the Board is doing the same, the result is that all representatives do not participate in all exploratory work on all policy issues. Nonetheless, Codetermination has a relatively high rating on workers' participation at the directive level.

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[10] Broekmeyer, *op. cit.*, pp. 267–269.

[11] *Ibid.*, pp. 259–265.

[12] *Ibid.*, p. 126.

[13] W. Michael Blumenthal, *Codetermination in the German Steel Industry* (Princeton: Princeton University Press, 1956), pp. 34–35.

At the next stage, of administrative decision-making, i.e. on the Company's Board of Management, the key workers' representative is the Labor Director. His participation at the exploratory Step A is supported by a large number of specialists on his staff, and the relationship between the members of the Board is one of full equality. In practice, however, each Director on the Managerial Board tends to carve out his own sphere of competence, with the Labor Director being responsible for the exploratory work on all labor matters, and the other managers for similar exploration on financial and production matters.[15] As a result, the workers' representative on the Board of Management does not fully participate in the making of all actual policy decisions (Step B) at the administrative level.

Similar conditions exist at the level of executive authority. When spheres of competence are informally agreed upon, we find a lack of participation in exploration (Step A) on all subjects, although the labor manager is party to all decisions (Step B) on policy execution.

With the West German trade unions mainly oriented to industry-wide and national issues, the system of Codetermination provides an effective supplement to their role at the level of the plant.

Evaluation.

Systematically presented, the ratings of the three systems on the timing of workers' participation result in the following table:

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[14] Herbert J. Spiro, "Codetermination in Germany," *The American Political Science Review,* Vol. 48:4 (December, 1954), p. 1122.

[15] One writer has observed that in the relationships on the board each manager has his areas of "executive" responsibility, as distinct from his "collegiate" responsibilities as a board member. Adolf Jungbluth, "The Role of the Labour Manager in Undertakings Under Co-management in the Federal Republic of Germany," *International Labour Review,* Vol. 78:3 (September, 1958), pp. 368–387.

TABLE I

The Timing of Workers' Participation

Systems of Participation	Level of Direction		Level of Administration		Level of Execution	
	Step A Explore	Step B Choose	Step A Explore	Step B Choose	Step A Explore	Step B Choose
British	No	No	Qualified Yes	No	Qualified Yes	No
Yugoslav	Qualified Yes	Yes	Yes	Yes	No	Qualified Yes
German	Qualified Yes	Yes	Qualified Yes	Yes	Qualified Yes	Yes

Summarizing, Codetermination is the only system which provides a degree of participation by workers' representatives at all six steps of the managerial decision-making process. Although an overall evaluation on timing has to be somewhat general, our evidence points to a generally low rating for Joint Consultation, a moderately high rating for Workers' Management, and a high rating for Codetermination.

COMPREHENSIVENESS OF PARTICIPATION

The Variable Defined.

Workers' participation may occur at various levels of the industrial system, for example as consultation in a shop or department, in a plant, in a multiplant corporation, in a committee of steel or mining industries or in a National Economic Council. Although the primary focus of workers' participation traditionally has been the plant, it can be extended from that level in upward and downward directions. Of those two, the extension upwards is more important, as crucial decisions are increasingly being made by managing boards of large holding companies, e.g. on automation, relocation, agglomeration, integration and discontinuance, by employers' associations, e.g. on eliminating labor costs from competition between firms in one industrial sector, and by governmental agencies, e.g. on safety and quality standards, antitrust legislation, taxation and investment regulations. Extension in each of the two directions results in increased comprehensiveness of workers' participation in the process of industrial management.

THE SYSTEMS COMPARED

Joint Consultation.

In Britain, consultative participation has been extended from the plant level downward and upward. In a number of firms, departmental consultative committees or workplace consultative groups, as in the Electricity Supply Industry, bring participation closer to the workers in the shop.[16] In the other direction, at levels above the plant, a network of consultative councils and boards has developed. First, large companies may have a "general" works council, consisting of delegates of local plant councils. Then, a large number of regional, industry-wide and national advisory bodies have been formed, the members of which consist of labor and employer representatives.[17] These bodies are advisory in nature, and are very important in shaping industrial and national policies regarding investments, taxation, wage policy and other matters. In their operation, however, these supraplant councils are almost separate institutions, with no representational links to the consultative machinery in the plant.

This lack of integration between the plant and supraplant levels of consultation has the effect of creating two separate systems of workers' participation. One system, mainly provided by the unions, is most effective at above-the-plant levels, and the other system, over which the unions have little influence, consists of consultative bodies in the plants. With their preference for centralized structures, the British unions show little willingness to allow the *local* union officers to engage in meaningful consultation on labor policies.[18] As a result, local consultation seldom benefits from the services of experienced and qualified union representatives. In general, one can speak of an inadequate union effort to enlarge the role of Joint Consultation within the company.

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[16] This is the use of the so-called "Pyramid" structure, in contrast to the simple "Tree" structure. See National Institute of Industrial Psychology, *op. cit.*, pp. 113–114. For the consultative groups in the Electricity Supply Industry, see H. Sallis, "Joint Consultation and Meetings of Primary Working Groups in Power Stations," *British Journal of Industrial Relations*, Vol. 3:3 (November, 1965), pp. 326–344.

[17] It was estimated that in 1950 unions were represented on no less than 60 governmental committees and in 1960 on some 200 Joint Industrial Councils or similar bodies. See Ministry of Labour, *op. cit.*, p. 24.

[18] H. A. Clegg, *Industrial Democracy and Nationalisation* (Oxford: Basil Blackwell, 1951), pp. 140–141, and B. C. Roberts, *Trade Union Government and Administration in Great Britain* (Cambridge: Harvard University Press, 1956), pp. 466 ff.

On the other hand, the unions are the sole representatives of the workers on all industry-wide and governmental consultative boards. Professional representatives of management and the government, and the best qualified union experts serve on these boards and committees, and there are indications that they have a considerable impact on decision-making at these levels.

Summarizing, in Joint Consultation the level of most effective workers' participation appears to be above the firm in industry-wide and national managerial boards where, increasingly, the most important decisions are being made.

Workers' Management

The Yugoslav system focuses participation at the company level, with the Workers' Council as the policy-making body and its Executive Committee supervising the performance of the plant Director. We already mentioned the significant move in recent years to shift participation downward to the task groups or "Economic Units." Where this is done, the Workers' Council still has responsibility for planning the production and deciding on the type and quality of goods to be produced. But within that framework, the Economic Unit has the right to divide the income over its members (according to skill, type of work, etc.), to take part in production planning, to appoint and dismiss workers, and sometimes even foremen and department heads. The members of the Economic Units also decide among themselves on the division of labor, the maintenance of work discipline, and on welfare measures, overtime and vacations. In this new situation, the foreman's role has been mainly reduced to instruction and supervision on technical matters, while his economic and social tasks have been assumed by the workers.

This increased authority of the Economic Units is viewed in Yugoslavia as an important step in the progression from "indirect" to "direct" self-management.[19] It is restricted, however, by the numerous government regulations and fixed deductions to which profits are subjected, and by the fact that the Economic Units allocate their portion of the company's total income *after* its distribution to the Unit by the Workers' Council.

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[19] See *Yugoslav Life*, Vol. 10:11 (November, 1965), p. 5, and *Yugoslav Trade Unions*, Vol. 30:7 (December, 1966), p. 1

As yet, in only a few companies do the Economic Units actually earn and distribute their own income, in which case they play the role of relatively autonomous enterprises, related to the other Units in the firm by a network of contracts and agreements. Broekmeyer mentions that in 1965 of the 111 out of 120 Slovenian companies with Economic Units, only two of these had granted them autonomy over their own incomes.[20]

Understandably, the extension of the Economic Units' role, while promoted by the unions, has not proceeded without resistance both from the Workers' Councils and factions in the Communist Party. A serious restriction of the workers' impact upon managerial decisions comes also from the Collegium of Experts which advises the Director.[21] Wage-scales, wages and premiums are often determined by this Collegium, and its recommendations appear seldom to be contested by the Workers' Council.[22] It is to be expected that the more managerial authority will shift to lower plant levels, i.e. to the Economic Units, the more this "advisory" Collegium will dominate in the decisions. Observers consider this increasing dominance by the Collegium of Experts the most serious threat to workers' participation in Yugoslav management.[23]

Codetermination.

The system of the West German iron, steel and mining industries provides for participation by workers' representatives in all decisions at the levels of plant management. Of the three systems discussed, Codetermination has probably the strongest impact upon management, but this impact is also most exclusively confined to the upper level of decision making. No attempt has yet been made to move participatory practices to the level of the shop floor.[24] Instead, some West German unions (IGM) have introduced so-called "committees of trusted members" ("Vertrauensleute") in the plant, aimed at providing an intermediary agent between workers, councilors and the union, but with a primary orientation toward union objectives.[25]

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[20] Broekmeyer, *op. cit.*, p. 261.

[21] *Ibid.*, p. 124.

[22] *Ibid.*, p. 269.

[23] *Ibid.*, p. 124.

[24] *Die Arbeit Der Vertrauensleute*, Schriftenreihe der Industriegewerkschaft Metall fuer die Bundesrepublik Deutschland, (4. neu bearbeitete Auflage), nr. 41 (July, 1964).

[25] Fuerstenberg, *op. cit.*, p. 136.

Above the level of the plant, large firms have set up a "general company council," consisting of elected representatives from the various plant councils. At present, the West German Unions are pressing for an extension of codetermination above the level of the company, i.e. for "Ueberbetriebliche Mitbestimmung," now only existing in the holding companies of the iron, steel and mining industries. The unions also demand representation in the economic councils operating at the national level, which greatly influence governmental policies affecting the labor force. But as yet, workers' participation in West Germany is mainly effective at the level of the plant.

Evaluation.

With regard to the variable of comprehensiveness the features of each system have been summarized in Table II:

TABLE II
Levels of Industrial Decision-Making

Level	British	Yugoslav	German
Industry and Governmental	A		B
Plant	A	A	A
Workers	B	A	B

[A] Definite.
[B] Proposed, or partially accepted move.

From this we can conclude that no system has achieved effective participation at all three levels of the industrial system, i.e. below, within and above the plant. Only in Britain has consultative participation been firmly established at the industrial and national levels, but little progress in this direction is being made in Yugoslavia, and not much has been accomplished in West Germany. And while Yugoslavia is making a strong effort to bring the participatory system down to the level of the workplace, this is still rare in Britain, and is sidetracked in West Germany by the introduction of the union's "trusted members" in the shop.

Thus, rather serious deficiencies with regard to comprehensiveness become apparent in all three participatory systems. In Joint Consultation and Codetermination, without participation at the shop level, distance and lack of communication between the workers and their representatives create the danger of the workers becoming increasingly alienated from the system. Although this is less of a danger in the Yugoslav system of Workers' Control, there again we find little workers' participation at levels above the plant. However, to be fully comprehensive, a system of workers' participation should distribute decision-making authority not only among the levels of the shop and the plant, but also—and increasingly—among the industrial and national levels of the managerial process.

WORKER PARTICIPATION IN THE ENTERPRISE: THE SWEDISH EXPERIENCE [*]

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In Western Europe during the late 1950's and early 1960's there seemed to be a moratorium on the creation or improvement of works councils or other forms of employee participation in management. However, today we find a growing interest in programs for democratizing the decision making structure. For instance, in some of the European countries the labor unions have shifted their focus toward demanding worker participation in the decision making process rather than merely providing for consultation by management with its employees.

Sweden is no exception with regard to this debate on worker participation in the enterprise. In fact, in many respects Sweden has been one of the countries in the forefront in operationalizing a system of industrial democracy, as witnessed by the creation of works councils at the firm level under an agreement between the major employer and labor confederations as early as 1946.

Let us now briefly outline the direction of this paper. First, we shall provide a brief sketch of the Swedish industrial relations system. The following section will focus upon specific illustrations of worker participation varying from merely receiving of information through consultation to joint determination. Section three will deal with role ambiguity as it pertains to the trade unions' perception of the works council. Finally, some indication as to the future of worker participation in Swedish management will be given.

It should be mentioned here that the majority of my remarks will center upon the participation of the factory worker in the enterprise. However, this does not preclude relevancy to the salaried staff for they participate in the various works as well.

THE SWEDISH INDUSTRIAL RELATIONS SYSTEM

Like most Western European nations, the Swedish system is highly centralized. The Swedish Employers' Confederation (SAF) is by far the largest employer organization in the private sector. SAF represents 44 affiliated employers' federations representing approximately 26,000 separate firms which employ over one million workers and employees. There are two major confederations representing workers and employees. The Confederation of Swedish Trade Unions (LO) represents over 1.6 million workers, while the Central Organization of Salaried Employees (TCO) serves over 500,000 salaried employees in the public and private sectors.[1]

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[*] This is a condensation of the original paper given at the meetings.

During the early period of industrialization labor conflict was not uncommon. It has been only in the last 25–30 years that the Swedish labor market parties have been able to maintain a peaceful labor relations record. The last significant strike in Sweden grew out of a dispute in the metal industry in 1945. This improved climate dates back to the "Basic Agreement" reached by SAF and LO in 1938. This "Basic Agreement" has provided the framework for supplementary agreements covering such issues as safety, vocational training, works councils, work study, and female labor.

Over the years the central bodies have exerted increasing powers over their member organizations. Today, the confederations negotiate a "frame agreement" which provides the basis for collective agreements at the lower levels. Though one finds universal use of collective agreements at the federation level, any collective agreement is rare at the firm level.

Because collective agreements are limited primarily to the federation level they are necessarily vague relative to the working conditions existing in a particular firm. Furthermore, Article 23 (now 32) of the SAF Constitution which was reluctantly accepted by LO in 1906, provides the right of the employer to hire and dismiss the work force in return for the right of worker association. This strong managerial rights position has been upheld consistently by the Swedish Labor Court. It is only through legislation or mutual agreement by the labor market parties that modifications in managerial rights could take place.

Though factory clubs exist at the firm level and have responsibilities for grievance handling, etc. the negotiating responsibility is largely confined to the federation level (national industry or craft). We find in Sweden the works council system operating alongside the factory trade union organization in such matters as discussing working conditions and job security.

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[1] The membership figures are gleaned from the Central Bureau of Statistics, *Statistical Abstract of Sweden* 1968 (Stockholm: 1969), pp. 241–243.

The Swedish works council system was created jointly for the express purpose of mutual discussion and exchange of information concerning the twin issues of production and worker security. From the beginning, it was clear that the parties did not wish the works council to act in a negotiating or decision-making capacity. Through means of proportional representation, representatives of the workers and salaried employees meet with designated management officials periodically to discuss matters which fall under the Works Council Agreement. The present-day works councils operate in a similar fashion as their earlier counterparts though with an extension of their activities as a result of three amendments (1958, 1964, and 1966) to the original Agreement. In this sense, the works council system may be considered evolutionary in character.[2]

WORKER PARTICIPATION IN THE ENTERPRISE

Worker influence on managerial decision-making may take any of the following forms: a) worker communication with his supervisor concerning some facet of the working conditions of the job; b) negotiations by one or more levels of the trade union with their employer counterparts which tend to modify managerial decision-making; and c) worker (and employee) communication with management through the works council which may affect future managerial policy. This paper will concentrate on the latter two methods of modifying managerial action relative to employee relations.

More important than the source of worker influence on managerial decision-making is the level of influence exerted by the worker (and his organization) on a particular managerial decision or policy. There are five principal levels of such influence, namely, no influence, providing information to the worker, consultation, joint determination, and union initiation.

We will now analyze the five levels of worker participation in specific subjects of labor-management relations. The analysis is based upon review of Swedish Labor Court cases, the Basic Agreement, collaboration and collective agreements, interviews and the results of a questionnaire sent to 70 Swedish firms regarding managerial prerogatives. Table 1 below shows the level of worker influence or participation in the firm on specific issues or subjects.

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[2] For more detail on the works council system see Richard B. Peterson, "The Swedish Experience with Industrial Democracy," *British Journal of Industrial Relations,* July 1968, pp. 185–203.

TABLE I

Levels of Worker Participation in the Managerial Decision Making Function in Sweden by Issue

Right or Issue	Level of Worker Influence
hire (generally)	no influence
transfer	no influence
promote	no influence *
subcontract	no influence
determine new production methods	no influence
establish reasonable plant rules	no influence
prior notification of impending layoff of workers	information and notification
prior notification of impending dismissals	information and notification
economic information of firms	information and notification
company personnel policies	information and notification
overtime assignment	notification
vacation scheduling	consultation
plant closing or removal	consultation
appeal of dismissal cases	joint determination **
value and amount of production suggestion	joint determination
allocation of employee service funds	joint determination
hiring of apprentices	joint determination
hiring of foreign workers	unilateral decision by trade union organization

* Even though management has legal right to promote, it is common that management will consult with SALF (Swedish Foremen's Union) before final decision.

** Where the Labor Market Council is unable to settle a grievance over personal discharge by discussion they will take on arbitration role in which the Chairman (neutral) may cast the deciding vote.

There are a number of areas in which the worker and/or union may have *no influence* on policy with regard to the particular subject because of contractual concessions by the trade unions or legal (Labor Court) backing of the employer position such as Article 23 (32). However, it is rare that presentday employers will arbitrarily establish employee relations policy without some participation by the workers and/or local trade union leaders. In terms of legal rights the employer basically has the right to hire, transfer, promote, subcontract, and determine new production methods without consultation or acceptance by the trade union.

There are a number of illustrations where providing of *information or notification* is required of the employer. The Basic Agreement between SAF, TCO and LO, over the years, has provided increasing requirements for employer notification to the union concerning layoffs and dismissals. Such notification provides an opportunity to appeal a dismissal or layoff that is considered unfair by the worker and/or his union. Furthermore, the employer is required to state the reason for the dismissal which was not previously required. A mechanism for appealing seemingly unjust dismissals is provided by the creation of the Labor Market Council.

The Works Council Agreement has also spelled out certain requirements of the employer regarding information about the firm. As an example, the employer is obligated to disseminate and discuss economic, technical, and financial data about the firm such as their balance sheets, profit and loss statements, administrative reports, and auditors' reports with the Works Council. If this information is not required to be made public by law, or is injurious to the firm, then the firm is absolved from this responsibility.[8]

We shall now turn our attention to those areas in which *consultation* is required or generally practiced. This difference is important. With the exception of the Works Council Agreement and the Basic Agreement one finds little mention of areas in which the employer is obligated to consult with the worker organizations. These restrictions are confined largely to the area of worker security so that proper consideration may be given to the claims of workers possibly affected by layoffs or dismissals.

Though only required in limited areas, consultation, in practice, is widespread in Swedish collective bargaining. Though the employer will have the final decision, certain forces acting upon him make consultation advisable. The primary forces are: a) the social obligation of the employer; b) the full employment economy; c) the employer's sense of responsible bargaining; and d) the political considerations (close ties between LO and ruling Social Democratic Party).

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[8] Several important changes resulted from the 1966 negotiations relative to the dissemination of information to the works councils. These changes were as follows: a) provision for further information relative to certain economic questions at the firm level; b) information concerning the recruitment, selection and promotion policies of the firm; c) an agreed statement that works council should be consulted sufficiently in advance of the decision by the firm's board of directors so as to have some effect on the decision; and d) the establishment of a joint Development Council on Collaboration to supervise research and evaluation on the works councils system.

Practice, rather than legal or contractual requirements, provides a number of examples where consultation commonly takes place. We shall cite only a few examples of such consultation. The employer has the right to unilaterally promote workers to foremanship positions, but generally consults with the foreman's association before finalizing the decision. Another example is where the management will consult with the club chairman or the workers concerning changes in vacation policy. Many other examples could be given of such consultation because of its widespread use. In fact, interviews with company personnel managers made it clear that worker influence is more widespread than one would expect from reading the various agreements between SAF and the two major labor confederations.

Joint determination represents the next stage of workers influence in Swedish management. The 1964 amendments to the Basic Agreement provide an arbitration role for the Labor Market Council in considering appeals of personal dismissals. Because the union representatives on the Council have equal representation with the employer representatives, joint determination exists.[4]

The evolutionary nature of the Works Council Agreement has allowed more worker influence in the deliberations as well. For example, the 1966 changes prescribed some additional responsibilities for the works councils. Now the works councils may exercise the power not only to determine the value of a production suggestion, but the amount of the award also. A further illustration of joint determination is that the works council may take the responsibility to allocate employee service funds within the prescribed budget.

There is one exception to the general right of the employer to hire in SAF-member firms. The instance involves the hiring of apprentices where agreements between SAF and LO prescribe the limits as to the ratio of apprentices to journeymen.

The collective agreements provide a few requirements for joint determination. The hours within which the employer can schedule his workers is established by contract. Should the employer wish to revise these frame hours he must renegotiate them.

Generally speaking, *unilateral decision-making by the worker and/or his trade union* represents a rare event in Swedish collective bargaining. The more likely case is where the employer does not choose to exercise his options and thereby, through inaction, the worker plays the dominant role in the decision. One good illustration regards the planning of vacation schedules and overtime schedules. Though the employer has the right to direct such activities, interviews brought out the fact that due to the fear of losing good workers, Swedish managers do not enforce assignments of overtime work nor scheduling of vacations during certain times of the year. Finally, regarding the hiring of foreign workers, such workers are unable to receive labor permits to work in Swedish firms unless the request is approved by the local and national trade union organization. In this way, the workers' organization can limit the number and skill categories of foreign workers.

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[4] Under the revised organization the Labor Market Council chooses a neutral chairman who could break the deadlock.

In concluding this section, some generalizations can be made concerning worker participation in Swedish management. First, worker influence is largely found in those decisions concerning employee relations. There is no evidence that the worker or his trade union plays a direct role in decisions concerning marketing, production and financial matters. Secondly, worker influence is more likely to consist of receiving prior notification or being consulted by management rather than as a joint decision maker. Finally, worker participation in Sweden may be considered evolutionary in the sense that workers have a larger role today than has been true in the past.

AMBIGUITY REGARDING THE PROPER ROLE OF THE WORKS COUNCIL

As mentioned earlier in the paper, the strength of the trade union movement in Sweden is primarily at the federation and conference levels. The works councils have assumed some responsibilities that might have been handled by the factory club. In 1946' there seemed to have been two primary reasons for trade union advocacy of such works council systems. First, the works council system provided a mechanism for industrial democracy at the workplace which met the desires of trade union and political liberals. And secondly, and more importantly, the works council provided worker representation at the plant level for discussion of certain issues such as production suggestions and job security which previously had not been institutionalized.

Though the major labor confederations have continued to support the further expansion of the works council system events suggest that strong reservations exist. These reservations primarily center upon the issue of control and loyalties.

Prior to 1966, election by workers and salaried employees to the the works councils was by vote of their fellow workers or employees. It was possible that there would be no trade union leader on the council. Therefore, the works council could act rather independently of the trade union structure as it, no doubt, did at times. Such organizational independency on the part of the works council might be compared to the experience of the Human Relations Committee in the steel industry in our own country where the Committee's demise was largely explained by the fact of its independency from the conventional negotiation structure. With these trepidations in mind, LO has been successful in negotiating a change in the Works Council Agreement requiring the choosing of the worker member of the works council by the local trade union in any manner they see fit. Furthermore, the local club chairman should normally be a member of the council.[5]

With these problems of control and loyalty in mind, the LO is interested presently in developing a more effective method of trade union representation at the plant level. In recent years LO has sought to improve the effectiveness of the factory club. As a result of the 1969 negotiations a study group of SAF and LO representatives has been appointed to look into the question of furthering trade union involvement at the plant level. This study group is presently discussing such questions as protection against dismissal of factory club representatives and freedom to investigate grievances on company time.

A GLIMPSE AT THE FUTURE

What is the future direction of worker participation in Swedish management? To gain some indications we have to look at the positions of the leading labor and employer confederations as well as the political party pronouncements. It is clear that employers are not interested in shifting the role of the works council from an advisory to a decision-making organ as the employers wish to retain the right to make the final decision.

The Confederation of Swedish Trade Unions has not taken as clear a position on the future role of worker participation. For instance, a 1961 LO Report envisioned that in the future co-determination might be secured through some type of corporate management system. A corporate cadre would administer "the common property of society" under this arrangement. The leadership would be responsible both to the employee and consumer.[6] Furthermore, some of the 1965 demands by LO to SAF were predicated on a shift from unilateral to bilateral decision-making in some areas. As an example, one of the LO demands concerned trade union influence in choosing of foremen, with seniority playing a larger role in the decision. Another example would be the requirement that plant rules be subject to joint agreement. LO has not chosen to push for co-determination as yet, but this may be largely explained by the inadequacies of co-determination as found in West Germany. In June of this year LO appointed a working group to study the broad area of industrial democracy and to make a report to the 1971 LO convention concerning recommended policies and directions.[7] It is doubtful whether LO has resolved the question of worker participation in industry. For that reason, it is difficult to predict, with any assurity, the future trade union position.

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[5] See Article 26 of the Works Council Agreement between SAF, LO and TCO for the revised procedures for election of worker members to the works council.

We must also look at the activities of the Development Council for Collaboration Questions (10 member council represented by SAF, LO, and TCO). In June 1969, the Council publicized a report[8] concerning future activities regarding industrial democracy. The council has been quite interested in experiments in industrial democracy in Norwegian state owned firms carried out by Thorsrud and Emery. The Council report placed major emphasis on designing and evaluating experiments with self-governing groups in Swedish industries.

At their September 24th meeting the Council took a favorable position to an earlier LO letter for beginning specific experiments in Swedish firms. The Council is encouraging a number of experiments a) at different corporate levels, and b) with different degrees of worker influence. The council recommends that such experiments deal with worker participation in: a) decisions concerning work practices and organization of work; b) formulation of personnel policies; c) consultation with management concerning selection of supervisors, personnel officers, work study engineers, and other executives who have a great bearing upon the social and psychological climate of the work place; and d) improved communications between workers and management, including worker representation on the company board of directors.

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[6] "The Trade Unions and Industrial Democracy," p. 10. For further discussion see T. L. Johnston (ed.), *Economic Expansion and Structural Change* (London: George Allen and Unwin Limited, 1963).

[7] For instance, the working group will look at ways of modifying the impact of article 23 (32 in the new agreement) through legislation, collective agreements, or a combination of both methods. Furthermore, the working group will evaluate the effectiveness of the experiments in industrial democracy.)

[8] "Swedish Development Council for Collaboration Questions," *Forskning Om Samarbete*, (Research on Consultation) June 1969, pages 28 through 33 summarize the Norwegian experiments at Nobö, Hunefors, Christiania Spiegerverk, and Norsk Hydros.

Should these experiments prove successful, we may expect an enlarged role for the worker and modification of organizational structure within Swedish firms.

In viewing the future course for worker participation, it is advisable to consider the positions of the various political parties toward the subject. Most of the political parties have suggested broader worker participation at the firm level with expansion and decentralization of the works councils. The Communist Party would replace the company board of directors with employee and societal representatives. Furthermore, active management of the firm would be vested in groups of workers and employees elected by their peers. The Social Democratic (Labor) Party position would question board representation for employees and would favor earlier notification so that the workers may be able to affect the final decision.

The 1969 Labor Party Convention approved a joint Labor Party-LO working group report entitled "Equality" which expressed support of experiments in industrial democracy.

In conclusion, it is likely that worker participation in management will take an evolutionary course in Sweden. Structural changes are already taking place in the works council system to provide for wider employee participation. However, worker participation will continue to be primarily of a consultative nature in the foreseeable future. Though co-determination or worker control of Swedish firms seems highly unlikely, one may expect this expansion of the works councils' influence to place additional limitations on management discretion.

DECISION-MAKING IN SWISS LABOR UNIONS

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The Swiss example is usually not included in studies of European unionism. The purpose of the present paper is not, however, to fill this gap of information, but to review Swiss unionism in terms of a particular problem of trade union analysis: the nature of internal decision-making.

Decision-making, whether conceived as the last step in the forming of a policy or as being inherent in all phases of political action, may be analyzed by examining (1) the structure of the organization, (2) the substantive issues involved, and (3) the forces interacting, in decision-making processes. Since the nature of decision-making is affected by the distribution of power within the union movement, special attention will be given to the internal transference of authority that has taken place in the post-World War II period. The crucial impact of organized labor has moved from local groups to regional bodies, national unions and, particularly after 1945, to the Swiss Trade Union Federation. The current analysis has to account for the manner in which the various levels of the union movement adjust to changing functions and how decisions are worked out under the present distribution of union tasks.

1. STRUCTURE AND BASIC FUNCTIONS

Of the three levels of organized labor to be analyzed—national unions, regional union alliances, and bodies of the Swiss Trade Union Federation—, the national unions constitute the base. The fifteen national unions represent almost exclusively industrial sectors.[1] Each national union rests on local organizations. These bodies do not, in practice, exercise great influence and their activities cannot be compared to the significant functions of American local unions. The Swiss locals reflect the pattern of European local unionism in general; local activity follows guidelines set by the national union, which designates locals as "branch offices of the union."

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[1] National unions and their percent shares in the total Federation membership of 437,000 (1960): metalworkers and watchmakers (SMUV) 29.8, construction and wood workers (SBHV) 19.2, railroad employees (SEV) 14.1, commerce, road transport and food workers (VHTL) 9.6, public service workers (VPOD) 8.2, post office, telephone and customs employees (4 unions) 7.3, chemical, textile and paper workers (GCTP and small splinter group) 5.2, typographical union (STB) 2.9, garment and leather workers (VBLA) 1.7, bookbinders (SBKV) 1.1, lithographical union (SLB) .9.

Jurisdictional problems are not very severe. They do exist, e.g., between the textile and garment workers or, in any combination, in poorly organized areas, where workers of different industries have been organized into one local of the dominant industry and national union.

The second structure involved in decision-making at the intermediate and top levels is the regional (cantonal, i.e., statewide) central bodies, composed of sections of federation-affiliated national unions. The central bodies are not quite equivalent to the American state federations. Up to 1936 the central bodies had had the same statutory position in the Federation as national unions.[2] After having been downgraded to subordinate bodies of the Federation, they still enjoy representation at all levels of the Federation hierarchy. Moreover, it is the central bodies' *de facto* prominence in decision-making that deserves special attention.

The third structure is the bodies and offices of the Federation, serving as centers for coordinating action to the extent that national unions and central bodies delegate tasks to them. It will be shown that their influence reaches beyond such assignments.

The sovereign body of the Federation is the tri-annual Convention, made up of delegates from the national unions in proportion to their membership strength, and central body representatives in decreasing membership proportion. The national union-central body ratio among some 350 Convention delegates is about seven to one. The Convention reviews and ordinarily ratifies decisions of all Federation bodies. National unions and central bodies also have representatives on a General Board of approximately 120 members which discusses and decides issues between Conventions (twice a year) and elects the members of the 19-member Executive Council. This body, meeting monthly, is the seat of considerable powers.

The Federation faces three rivals: the Christian-National Trade Union Federation (Catholic), the Swiss Association of Protestant Workers and the National Association of Free Swiss Workers

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[2] In the first Swiss labor federation, inter-industrial local and regional bodies were the only base organizations, including also political party segments. This traditional set-up inspired the central bodies long after the federation had been dissolved and frequently stimulated union-party alliances. The deep roots and the reality of cantonal sovereignty further reinforce central body feelings of autonomy up to the present.

(Liberal).[3] Their respective memberships are about 15, 2.5 and 3.5 percent of a total of 400,000 to 575,000 unionized wage earners during the postwar period. The Swiss Trade Union Federation, representing some 80 percent, is thus most representative in all industrial sectors, even though it has to respect the smaller organizations in relations with the government and is, occasionally, confronted by competitive minority initiatives.

2. UNION ACTION: THE SUBSTANTIVE ISSUES IN DECISION-MAKING

The three main units of organized labor each deal, in principle, with the various types of union action as follows.

National unions are, autonomously, in charge of the core of union tasks: organizing, collective bargaining, insurance administration, grievance procedures, worker education, and recreation. Collective bargaining issues, of course, contain the full range of working conditions.

The *central bodies* assist the affiliated locals in matters of regional administration, legal and insurance advice, cultural affairs, and public relations. As for their autonomous field of action, the central bodies coordinate union interests in public policies, from election campaigns to regular contacts with the state political authorities. There is also a tendency in some central bodies to broaden their base by forming alliances with extra-Federation groups of workers such as white-collar employee, professional, student, and consumer organizations.

The *Federation* is active in those areas which are delegated to it by national unions and central bodies. Historically, this has been its main concern. It promoted the formation of industrial unions, clarified relations between the unions and the Social-Democratic Party and formulated long-range programs. Quite early the Federation became active in pressing for labor legislation such as the 48-hour week, industrial safety laws, unemployment insurance, arbitration (labor courts system), and anti-depression measures, to name the major pre-World War II issues.[4] After 1945 legislative matters like a comprehensive Labor Act, housing policies, the social security schemes, fiscal reform, foreign labor, and anti-inflation policies were added to its area of responsibility.

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[3] The Swiss Trade Union Federation is nominally non-partisan, but actually of social-democratic tendency.

[4] There are no specific trade union laws, nor has there been any action in this respect (if one disregards the lofty corporatist discussions of the 1930's). Trade unions exist as societies in the sense of the Civil Code.

In the post-World War II years, the traditional relation between the interests of the national unions and central bodies on the one hand and the Federation tasks on the other has undergone significant changes. This is most evident for the two main functions, collective bargaining and legislative-political action. Neither one of these functions is alone entirely typical for the efforts of Swiss organized labor. It is only an assessment of both devices that provides an understanding of Swiss union influence. The changing import of the two functions can be determined in the following way.

(a) *Collective bargaining* has spread (in terms of numbers of plant, local, regional, and industrywide agreements) but lost some of its meaning in the decades after 1945. From the late 1930's collective agreements could be extended by government decree to cover non-organized workers in industries where unions had organized more than half of the wage earners. The unions originally considered the extension of collective agreements an important safeguard against the employment of cheap non-unionized labor. With the increasing tightness of the labor market in the postwar period, it has become more common for wage rates to climb above those set in collective agreements. Under these conditions, workers entering the labor market frequently do not see any immediate benefits in union membership relative to wage levels. The whole machinery of collective bargaining has thus lost much of its prominence.[5] For the national unions this means a setback in their autonomous functions.

(b) Given the steady *increase of labor-related legislation,* the Federation bodies have had to deal with more demands made upon it by the national unions and central bodies as well as from the political authorities. This trend has been enhanced by the 1947 amendment of the Swiss constitution creating consultation procedures for legislation in economic matters. The Swiss Trade Union Federation became one of the "interested economic groups" implied in the amendment.[6] This has had two consequences: First, the Federation has been strengthened relative to the national unions. It now has not only responsibility for tasks delegated to it by the national unions, but also matters submitted to it by the government. Secondly, the issues submitted to it by the government for consultation often tend to be in the areas which were traditionally dealt with by the national unions (wage stabilization, working hours, social insurance, vocational training, and so forth). Neither national unions nor the Federation have a choice in determining the level of the trade union movement which should deal with them; by virtue of the constitutional amendment, only the Federation is recognized as the consultant.

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[5] As observed in many European industrial relations system. Cf. A.M. Ross, "Prosperity and Labor Relations in Europe: The Case of West Germany," *QJE,* Vol. 76 (1962), p. 366; R. Crémer, *Le syndicalisme* . . . (Louvain: Éditions de la Société d'Etudes morales, sociales et juridiques, 1958), p. 145.

[6] Article 32_3 of the constitution says: "Les groupements économiques intéressés seront consultés lors de l'élaboration des lois d'exécution et pourront être appelés a coopérer à l'application des prescriptions d'exécution." Other top groups are the Swiss Society of Commerce and Industry, the Central Association of Swiss Employers Organizations, the Swiss Small Business Association, and the Swiss Farm Association.

3. DECISION-MAKING PROCESSES

The nature and determinants of decision-making processes will be analyzed in four aspects which are closely interrelated.

(a) *Ways and means of influence.* National unions and central bodies participate in decision-making formally through their representatives on the General Board, the Executive Council and the Convention. These agencies offer regular close contacts between the officers of the various structures. Since there are no sub-committees, all discussions that take place are open, and there is a possibility for even minor requests by national unions and central bodies to be heard and evaluated.

The *General Board* functions as a union parliament rather than only as a policy-approving body. Suggestions for action are often brought up there for the first time, discussed and decided upon. Notable examples have been the positions on anti-inflationary measures of the government, the foreign workers issue, guidelines for the reduction of working hours, sanctions against member national unions, and the revision of the Federation statutes.

Even the *Conventions* are not thoroughly formalized. Motions by national unions and central bodies do have to be handed in thirty days in advance and require a formal answer by the Executive Council. But they are discussed on the floor, and many are amended rather than rejected. Whereas the bulk of Federation policy is reviewed by votes on portions of the Executive Council's report, special measures are singled out for separate examination.

National unions and central bodies use the same ways and means of influence within the Federation. Although central bodies figure, in the Federation's constitution, as subordinate bodies, they are traditionally engaged in independent action. Central bodies presented, in the last twenty years, about three fourths of all Convention motions. Their minority representation makes them more prone to propose progressive measures. Given their regional base, central bodies enjoy considerable advantages in achieving membership consensus as compared with the national unions, which have to balance out the views of a nationwide constituency.

The *Executive Council* has a powerful voice in decision-making. Out of 44 motions presented to Conventions between 1950 and 1969 only one or two have not been disposed of as recommended by the Executive Council.[7] An important reason for its power is the Federation's involvement in government-related decision-making as granted by the consultation procedure. Members of the Executive Council are seated in all government advisory commissions in which the opinion of labor is sought. This system, in practice, amounts to near-participation in government policy-making.[8] Consequently, when lower-level bodies of the Federation desire more progressive action on behalf of key issues, they face the Executive Council's well-informed and politically cautious position.

A few remarks on communications from the Executive Council to the lower levels of the hierarchy are in order because they present specific problems. The Federation lacks a means for relaying its news directly to the membership. It has been only moderately successful in urging the national unions' weekly newspapers to reprint monthly two or four pages of Federation news. The Federation's own monthly journal is of high quality but not widely read. Another communication problem refers to the control of central body activities. The Federation finds it difficult to secure minutes of central body meetings, to which it is entitled due to the central bodies' subordinate status. The actual lively role of the central bodies in decision-making is evidence that the Federation cannot supervise their functioning as closely as it would like.

(b) *Leadership characteristics.* Union leaders involved in intermediate and top-level decision-making form a fairly homogeneous group due to the similarity of their attributes. Their common properties are administrative skill, expertise in respective fields of action, a feel for politics and its compromises, personal integrity and collegiality. Qualities such as intellectual brilliance, charismatic appeal or radical political views are rather rare.

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[7] They are among the 10 accepted as such; 25 have been amended, 5 withdrawn and 4 rejected, as suggested by the Executive Council.

[8] This practice may even be more powerful than institutionalized devices such as socio-economic councils, due to its informality.

What has shaped this homogeneous and practice-oriented leadership style? One, Swiss union leaders are, predominantly, of working-class and unionist family background. Many have had industrial work experience, and most of them look back on long years of service in the union administration. Membership in the Social-Democratic Party is common and creates similar political views. Secondly, new leaders are selected by the existing groups rather than elected, and preference is given to qualifications fitting into the already prevailing pattern. This cooptative procedure is almost invariably ratified by the constituency. The tradition and prevalence of collegial leadership in the labor movement is deepseated and also to be found in the Swiss political system.

The leadership is, furthermore, numerically small. The 140 members of the General Board and the Executive Council consist of almost all major union leaders,[9] which grants most of them a fair knowledge of each other's career, power base, political views and even personal idiosyncrasies. There exist, over time, tacit agreements of mutual assistance, ties of friendship or personal animosities. This informal network of relations introduces a high degree of predictability into the outcome of decision-making processes. Leadership characteristics, finally, are affected by the top Federation bodies' involvement in political action, particularly the consultation procedures.

Most of these characteristics, while promoting leadership homogeneity, also increase the distance between the attitudes of the leaders and those of the lower-level organizations and the rank and file. The leaders tend to become less sensitive toward demands from the rank and file and have diverging views on priorities. Consequences of this "benevolent authoritarianism"[10] in the form of manipulative impacts will be discussed under (d).

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[9] The Secretaries, who are non-voting, should actually be added. They rank among the top leaders because of the weight of their expertise. On the other hand, a number of backbenchers on the General Board might be subtracted.

[10] J. P. Windmuller, *Labor Relations in the Netherlands* (Ithaca, N.Y.: Cornell University Press, 1969), p. 223.

A few leaders deserve to be mentioned as having had exceptional influence on specific decisions. Their actions to not detract from the above generalizations, but illustrate that leadership is not lacking of individual innovating efforts. Arthur Steiner (President SMUV), with his strong conviction on the primacy of collective bargaining, desperately fought against a price and wage stabilization agreement, recommended in 1947 by the Federation. Hermann Leuenberger (Federation President) unexpectedly attacked rival unionism in 1963. Ernst Wüthrich (President SMUV) recently brought up the idea that employers should honor the existing peaceful union functions by voluntarily granting additional favorable terms or help unions in organizing drives. Max Arnold (President VPOD), known as the Marxist conscience of Swiss unionism, has repeatedly challenged seemingly obvious Federation decisions.

(c) *Internal factionalism.* The homogeneity of leadership attitudes is compatible with the existence of factions within the Federation. Three shades of ideological orientation can be distinguished. On the left stand the public service workers (VPOD), the typographical union (STB), the construction and wood workers (SBHV), and the union of chemical, textile and paper workers (GCTP).[11] They share a strong preference for legislation to complete, or even partly replace, collective bargaining.

The right (obviously conceived as a relative term only) consists of the large union of metalworkers and watchmakers (SMUV), accounting, in the postwar period, for 27 to 30 percent of the total membership of the Federation. The main reason for the metalworkers' moderate outlook is their success in maintaining a master agreement with the employers organization of the metal industry, known as the 1937 "Labor Peace Treaty." Practically outlawing the use of strikes, it establishes voluntary machinery for negotiations on a wide range of issues, thus reducing the need for legislative action. This major achievement has become a keystone of Swiss labor relations. Most national unions cherish it as a model, but, since World War II, have felt the urgency of increased legislative action, thus leaving the SMUV as the true guardian of predominantly, though not exclusively, non-political efforts.

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[11] There are widely differing reasons for their progressive tendencies, all of which would need more analysis than can be attempted here.

A third faction consists of the middle-road unions such as the commerce, road transport and food workers (VHTL), the garment and leather workers (VBLA) and the public employee unions (except VPOD). Its ideology is more flexible than that of the other factions, but it mostly supports the SMUV. In such cases, the two factions combined are able to control Federation policies.

Since the Federation is involved in legislative action by its very nature, the SMUV as the largest and most influential faction often finds itself in a situation of conflicting interests. In spite of its fundamental collective bargaining philosophy, it is not ready to give up its leadership status in the Federation. Consequently, proposals for new legislative action advocated by the "left" have frequently been voted or watered down. However, the SMUV has recognized that issues presented to the Federation in the consultation procedure do commit it and cannot be disregarded simply because consultation issues may invade national union sanctuaries.

(d) *Elements of manipulation.* Decision-making as part of a political process implies manipulation of opinions. This element makes itself felt, for instance, in the interpretation of motions by the Executive Council and its suggestions to amend them or to accept them "in spirit but not in form." The following examples of decisions highlight the manipulative element and relate it to other determinants of decision-making processes.

In 1947 the Federation entered, upon government initiative, into a temporary price and wage stabilization agreement with employers organizations. The implied wage stop was not popular with several national unions, which, facing significant retardation in wage increases, disliked the curtailment of collective bargaining action. The Executive Council was, however, strong enough to have the agreement ratified by the Convention. From 1954 to 1958, the top officers of the Federation applied pressure on national unions in the issue of working hours. Whereas a number of national unions welcomed a constitutional initiative[12] for a reduction of working hours by legislation, undertaken by outside political forces, the Federation opposed it and advocated the collective bargaining approach. Two years later, however, the Federation realized that it could only stop the still pending rival initiative by an own more moderate legislative proposal, and again had its way, thus contradicting its former stand on the primacy of collective bargaining. Up to 1969, the Federation firmly opposed central body and national union motions for transforming the national old age insurance scheme into a full pension system, pointing to the value of supplementary insurance by national unions. Eight Convention motions were reluctantly accepted "for further study" until, in 1969, the Federation yielded to outside pension plan initiatives (by the Catholic Federation and the Social-Democratic Party). This change of policy was again sanctioned by a large majority vote in the Convention.

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[12] *Verfassungsinitiative:* Proposal for amendment of the Swiss constitution; 50,000 signatures commit the government to amendment if sanctioned by popular referendum. The constitution has been flooded eclectically by matters that would properly belong into federal laws.

In view of the evidence that these decisions implied rather blatant twists and turns in matters of principle, the success of the manipulation by Federation bodies is astonishing. Three comments have to be made in this respect. First, no trade union organization is necessarily free of absolutist tendencies. The problem of Federation manipulation versus national union autonomy has to be evaluated according to the "state of siege" in which the whole organization may find itself vis-à-vis equally self-interested counterforces in economy and political system.[13] Secondly, the reversals of policy in the above cases resulted in increased legislative action. This was what some of the more restless national unions attempted, and they were glad that the outcomes took part of their burden off their shoulders.[14] In the third instance, and most importantly, it is the political involvement, the consultation procedure, and the influence of rival or adverse organizations that furnish the arguments for sudden changes in the course of action through manipulation.

The possibilities for manipulative decision-making on the part of the Federation should not lead to the conclusion that the Executive Council is not subject to any controls. An ultimate check upon executive power lies, of course, in the overall rank-and-file attitudes. This control tends to be diffused, except when exercised outside of the trade union hierarchy. The Swiss political system offers such an opportunity in the form of popular referenda, which take place in all cases of constitutional amendments as well as in certain federal legislation.[15] Votes in these referenda often reflect rank-and-file opinions. Whereas, in 1947, the Federation bodies feared a rejection of the old age insurance law and undertook a vast internal propaganda campaign, the referendum outcome showed overwhelming worker support, amounting to much more than Federation propaganda is ever able to mobilize. The slim majority vote on the 1952 Agriculture Act, on the other hand, demonstrated that this law, though backed comfortably by the Federation bodies and strongly propagated, did not appeal to the rank and file. By such external checks the Federation is led to question and evaluate its own decisions periodically.[16]

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[13] Cf. J. Barbash, *American Unions: Structure, Government and Politics* (New York: Random House, 1967), p. 131.

[14] National unions expressing such feelings, the "left," seem to be the stronger ones. There appears to be a correlation between membership growth and preference for legislative action: VPOD, SBHV and STB have grown by 1 to 2% p.a. between 1960 and 1967; VBLA and VHTL declined by 2 to 1.3%; SMUV and SEV have stagnated. Other factors may be interfering, however.

4. SUMMARY AND CONCLUSIONS

Decision-making processes in unionism are not only determined by characteristics common to most large-scale organizations, but, in addition, by the central functions of the particular labor movement. Internal politics in American unionism relates to the primary function of collective bargaining.[17] In the Swiss case, it is shaped by a mixture of collective bargaining and legislative action. While there remains a considerable network of collective bargaining at several levels of the national union structure, after 1945 "the unions' point of impact has moved to the bodies which determine general policy" [18] through legislation. The latter trend has not, in Swiss industrial relations, reached the same institutionalized forms as in Sweden or the Netherlands, because of the absence of official planning. But it has gained enormous momentum by the consultation procedure.

This overall development has had the effect that traditional union powers, exercised by locals, central bodies and national unions, have in many respects been relinquished by the Federation. The problem of maintaining lower-level functions and initiatives in face of the strong pulls for centralized decision-making is a common one particularly in European trade union organizations. Although, in the Swiss case, the bodies of the Federation have been strengthened, the trend of centralization has not reached the point of making the intermediate structures meaningless. National unions have defended their autonomy or indicated their preferences in initiatives taken by the Federation. The very fact that the central bodies have kept generating proposals in spite of their deliberate statutory subordination documents the vitality of middle-level unionism. Decision-making in General Board meetings and Conventions, further, retains considerable informality, which grants national union and central body representatives substantial influence. A reason for heterogeneity in decision-making has, finally, been the existence of internal factions. This factionalism deserves emphasis as a continuing source of innovation.

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[15] Popular referenda are obligatory for constitutional amendments, optional, upon request by 30,000 citizens, for ordinary legislation.

[16] As for special internal probes, an opinion poll was taken by the SMUV among its members in 1955 in order to determine programmatic preferences (SMUV, *Bericht an den Metall- und Uhrenarbeiter-Verband über eine soziologische Untersuchung* . . . (Bern, 1956). It showed significantly divergent orders of priorities and stirred considerable self-criticism among Federation bodies. A 1969 Convention motion by the SBHV contained the request for another, Federation-wide, ranke-and-file opinion poll.

[17] J. Barbash, *op. cit.*, p. 145.

[18] J.-D. Reynaud, "The Role of Trade Unions in National Political Economies (Developed Countries of Europe)," in *International Labor*, S. Barkin, et al., eds., IRRA Series (New York: Harper & Row, 1967), pp. 40, 43.

It is rather difficult to formulate hypotheses on the nature of decision-making in European unionism as long as there exists no sufficient number of case studies and comparative research findings on this specific problem. As for a tentative assessment, the trend points toward more centralized and formalized decision-making in European labor movements. The development of the Swiss example fits into this pattern. But decision-making processes remain more heterogeneous and involve more levels of the organization in (a) small labor movements, (b) industrial relations systems without or less formalized machinery for national socio-economic policy-making, and (c) cases of considerable ideological tradition and deep historical roots of the labor movement and the political system in general. These may be starting-points for a more comprehensive appraisal.

DISCUSSION

John Crispo
University of Toronto

My comments will be of a rather general nature. They are prompted not only by the three papers we have heard today but also by numerous other works I have read on foreign industrial relations systems.

Many of these studies raise two related problems: the one terminological, the other conceptual. Of the first, I can best illustrate my concern by citing the experience of a conference I attended a month ago in the United Kingdom, on recent British and North American labour developments. Despite the common language, we found ourselves in considerable difficulty several times because of our failure to appreciate each other's terminology. At one point, in fact, we decided we should clarify the meaning we were attaching to different terms before proceeding. I think it is worth citing the results of this effort to bring home the problem as forcefully as I can. It was agreed that:

> Normally, what in Britain is a demarcation dispute is in North America a jurisdictional dispute. Both are essentially work-assignment disputes.
>
> Normally, what in Britain is a jurisdictional dispute is in North America a representation dispute. Both are essentially recognition disputes.
>
> However, job content or assignment disputes arising within the jurisdiction of one union fall in between these categories. In Britain, these types of disputes give rise to demarcation disputes (as described above), whereas in the U.S. and Canada they give rise instead to bargainable disputes, if the contract is open, or to grievance or arbitrable disputes if the contract is closed.

Adding to the terminological problem, when one compares and contrasts different industrial relations systems, is the tendency to exaggerate conceptual distinctions. This risk is especially great when North Americans discover European works councils and the like. They seem so novel and even unique in comparison with our own institutions. And yet in practice the worker delegates on these councils more often than not play a role very similar to that of local union representatives on this side of the Atlantic. With virtually no exceptions, European unions do not have an elaborate local union structure and do not sign comprehensive collective agreements governing plant work rules and related matters. The resulting void has been filled by works councils in most of the continental European countries, and by the stewards movement in Britain. That this is indeed the case has been recognized by many European unions, which are now attempting in one way or another to make these institutions more integral parts of their own operations.

None of this is meant to deny the fact that there are some fascinating institutional developments in European industrial relations, as in the case of co-determination in Germany. But even in the face of this much-heralded experiment, management still manages and the two-hat dilemma persists.

The point is that while every industrial relations system finds its own particular way of working out its problems, it is all too easy to exaggerate the differences in terms of both means and ends. Even the labels used to describe the varying processes or their parts can be deceiving. For example, some systems put the emphasis on "collective bargaining," while others stress "consultation," "cooperation" or some other form of "participatory democracy." Yet all of these phenomena are really part of a continuum, and it is extremely difficult to compartmentalize them. What is accomplished in the name of collective bargaining in one country is credited to consultation or cooperation in another, and vice versa.

One other comment before I conclude. Partly because of this kind of misleading labelling, the impression is sometimes conveyed that North American workers have less control over their daily lives in the work place than do their European counterparts. In fact, I believe the situation is just the reverse. Neither codetermination, nor works councils, nor anything else European industrial relations systems have thus far produced protects workers as much as a local union can in North America, given the more sophisticated nature of our collective agreements and our grievance and arbitration procedures.

My contribution to this session has not been as a discussant in the traditional sense of that role. If I have added anything, it is a note of scepticism with respect to all kinds of papers and discussion about other industrial relations systems. Under all such systems, at least in the Western industrialized countries, the parties continue to fight over the spoils and over how best to reconcile the workers' quest for security and management's drive for efficiency.

We are all playing essentially the same game in basically the same way. The differences are there, but they are often more imagined and superficial than real.

DISCUSSION

PAUL F. GERHART
University of Illinois

My comments are directed toward the papers by Professors King and Van de Vall and Professor Peterson, respectively.

DIMENSIONS OF WORKER'S PARTICIPATION IN MANAGERIAL DECISION-MAKING

I infer from the opening sentence of the King-Van de Vall paper that the authors are severely limiting their analytical tools for international comparison of participatory schemes. If their concern is solely with the "formal and legitimate right to participate in managerial policy-making," a number of relevant elements in worker-union ability to influence management have been eliminated from the analysis. A number of experiences both in the U.S. and abroad indicate how unimportant *formal* structures are in ascertaining the real level of worker-union influence. Professor Peterson, in his paper, points out the extent to which joint consultation in Sweden is much more widespread than is formally required. The authors use the U.S. as a case in which there is no formal participation but I am sure even they would not argue that Walter Reuther has no influence on General Motors decision-making.

More specifically, in their discussion of the "timing" of participation, the authors contend that participation at both the "exploration" and "decision" steps is desirable, if not necessary, to assure an effective worker-union role. I question this conclusion, however. For instance, if the union participates only at the decision step and if the alternatives for decision available to the employee representative at that step include rejection of all management proposals, then the employee spokesman clearly affects exploration even though he may not be afforded a formal role at that earlier step. Though the New York City Firefighters Union has no formal right to participate in the exploration of alternatives to the city's problems regarding fire station manning, it was able to reject the alternatives proposed by the city administration last fall, and thereby, influence the exploration process.[1]

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[1] The Firefighters made some demands of their own (suggested alternatives) which the city, in turn, rejected. I did not mean to imply in the text that the Firefighters got what they wanted; only that, in spite of their lack of formal role in the exploration process, and, indeed, their lack of formal role in the actual decision itself, they were able to influence significantly the alternatives from which the city chose.

On the other hand, if we accept the authors' contention that exploratory power severely limits the decision-maker's role, a case can be made that only participation at the exploratory level is necessary to assure an effective role for the employee representative. I believe the authors are correct in taking "timing" into account in their comparative scheme. Further refinement of the variable is necessary, however, before it can be fully meaningful.

The relevance of my point depends, of course, on the purpose for which the authors have designed their comparative apparatus. Presumably, they do intend to evaluate the various systems from a normative point of view which assigns a positive value to union-worker influence over (some) managerial decisions. If this a correct assumption, I feel the scheme presented may be misleading in many cases. My criticism may be premature, however, because the authors note that the paper presents only two of the eight dimensions they have investigated. Among the remaining six to be presented in their forthcoming book, we will see, hopefully, some which take into account the informal aspects of worker-union influence.

A second refinement I would like to suggest relates to the "comprehensiveness" dimension. In an oversimplified interpretation, worker participation can occur at two levels: (1) in the formulation of national economic policy; and (2) in the administration of industrial jurisprudence (at the plant level).[2] The authors correctly imply that participation by workers must be joined at the level of decision-making if their participation is to be effective. It is misleading to assume, however, as the authors appear to have done, that participation at each of the levels should be equally weighted. The level where critical decisions (at least as perceived by the workers) are made determines which should receive the greater weight at any particular place or point in time. For instance, a system such as Sweden's which provides an adequate role at the national level but is open to improvement at the plant level (in the view of LO officials, themselves) may be judged less effective today than ten years ago because the focus of worker concern has shifted from the national level to the plant level.

Any system of worker participation must be evaluated in light of its objectives. If critical issues concern wages or economic policy, national level bargaining should receive greater weight than plant level bargaining. If worker alienation or self-esteem is critical and programs of job enlargement or other schemes of improving work group conditions are most important, heavier weight should be placed on the role of worker-union participation at the plant level. Two systems which look the same formally could be vastly different in their degree of effectiveness from the worker viewpoint.

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[2] Intermediate levels may be added to fit the particular case.

WORKER PARTICIPATION IN THE ENTERPRISE: THE SWEDISH EXPERIENCE

I shall consider two points in Professor Peterson's paper: (1) his explanation for the willingness of managers to engage in consultation to a greater extent than required either by agreement or law; and (2) the causes of the rising ambiguity in the role of works councils.

Professor Peterson lists four reasons why management is willing to engage in more widespread joint consultation than required: (a) the employer's social obligation; (b) the full employment economy; (c) the employer's sense of responsible bargaining; and (d) political considerations.

While all of these factors undoubtedly play a role in employer decision-making regarding his stance vis-a-vis employee representatives, I believe it is important to emphasize the absence of altruistic motives on the part of employers. To use the terms "social obligation" and "responsible bargaining" tends to inject an aura of morality to the employer decision-making process. I do not believe Swedish employers could be accused of "trading for the public good," in the terms of Adam Smith. As T. L. Johnston has noted, "In the discussion of this theme (industrial democracy) in Sweden, there has never been any great preoccupation with fundamental philosophical or moral concepts based on the Dignity of Man."[3]

I think the element of self-interest is sufficient to explain the willingness of employers to engage in a greater degree of consultation than is required either by law or by the Basic Agreement. It is always interesting to note the increase in social responsibility or "responsible" behavior on the part of management when workers and workers' representatives gain considerable political and economic power. U.S. experience in the public sector provides similar evidence of employers' willingness to cooperate with employee organizations to a much greater extent than required. This willingness is more easily explained by the increased political power of the worker organizations than by enlightened management attitudes or moral principles. Some public employers have gone beyond the law in meeting employee demands for joint determination of wages and working conditions. Practices have been questionable in states such as Illinois where there is no legislation governing public employee labor relations;[4] and have been clearly illegal in states such as Virginia and Mississippi where collective agreements and joint determination are explicitly a violation of public policy.

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[3] *Collective Bargaining in Sweden* (Cambridge, Massachusetts: Harvard University Press, 1962), p. 216.

As regards the ambiguity of the role of works councils, the potential conflict reported by Professor Peterson between the factory club and works council at the plant level has apparently emerged within the past five years. T. L. Johnston reported in his 1962 book on collective bargaining in Sweden that the "spheres of influence" were adequately demarcated and that the intention of the LO and SAF ". . . of preventing the Council from taking over recognized union functions, has proved workable in practice. . . ."[5] The original functions of the works council in the areas of worker security and productivity were still recognized to be within its purview.

Why has the ambiguity with regard to works councils arisen? In addition to the point raised by Professor Peterson, namely the growing autonomy of the councils and potentially divided loyalty of the workers, I believe there are two other reasons of considerable importance: (1) the declining effectiveness and satisfaction on the part of workers and unions with the works councils; (2) the essentially superfluous character of the works council system in a country such a Sweden.

Regarding effectiveness, 1959 data from the LO questionnaire indicated that fifty per cent of all respondents were satisfied with the timing of information given them by management officials regarding changes in operations affecting the security of the workers.[6] This reflected some improvement at that time over the responses of previous years. On the other hand, the 1967 LO report, *Trade Unions and Technological Change,* indicated that ". . . only 25% of works councils obtain information of the more important changes in production and working conditions at a point in time when it is possible to exert any influence."[7] The experience of Britain as reported by Allen Flanders may be pertinent, too. He notes in the reports on the Fawley productivity experiments and elsewhere that cooperative consultation does not work when limited in scope to cooperative elements alone. Any system of dual autonomous organizations appears to be ineffective.

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[4] See, for example, Edward B. Miller, "The Alice-in-Wonderland World of Public Employee Bargaining," *Chicago Bar Record,* February 1969, op. 223–229.

[5] Johnston, *op. cit.,* p. 222.

[6] Cited in Johnson, *op. cit.,* p. 227.

As to the superfluous character of the works councils, their *raison d'être* appears to have passed out of existence, in Sweden, at least. The earlier management fear of direct labor union participation in the industrial relations system at the plant level was based on political ideology and the expressed social aims of the unions in their early history. The compromise of a works council was similar to the "company union" devised by U.S. industrialists of the 1920's to keep the "outsiders" out of the plant. In addition, Swedish works councils are not used to resolve political or jurisdictional disputes among unions as they are in other Continental countries, France, for example. At the present time, there appears to be no reason for maintaining the dual institutions, especially since any autonomy the works councils may have had has been eliminated by recent legislation referred to by Profesor Peterson. Again, we may point to Britain's experience. The 1967 report of the British Labour Party emphasizes the Party's nonacceptance of dual autonomous organizations. It argues that the workers' representative at the plant level cannot be separated from his representative at firm or national levels. It appears the factory clubs could perform the functions now within the purview of works councils thereby avoiding any jurisdictional problems. In view of these considerations, one might be tempted to predict the eventual demise of the works council, either officially or informally, as the power of the worker representative at the local plant level is concentrated in the factory club leaders or branch officials.

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[7] S. D. Anderman, editor and translator (London: George Allen & Unwin, 1967), p. 227.

V

LABOR RELATIONS IN HOSPITALS*

Anne H. Somers, Chairman

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* The discussions by Lillian Roberts of the AFSCME and Norman Metzger of the Mt. Sinai Medical Center, presented in this session, are not included in the published *Proceedings.*

COLLECTIVE BARGAINING IN HOSPITALS: A PLAN TO RESOLVE IMPASSES

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To a considerable extent the problems of hospital and health service workers reflect the intertwined tensions of race and poverty and public economics. In the nation as a whole more than one million hospital workers work full time for wages that are below the poverty line and below the level of public assistance in their area. The average earnings of non-professional workers, most of whom are black, are 40% below the average for manufacturing employees. In New York City, where more than 75% of the hospital workers are non-white, the average wage is $115—below the amount required to maintain a minimum or "low" standard of living for a family of four in this city.

Yet health service workers have made progress in the last decade. Ten years ago, at the beginning of the 1960's, wage rates of 50¢ or 75¢ an hour were common. This progress has been accompanied—and probably caused to a great extent —by the increasing unionization of hospital workers and the introduction of collective bargaining to the health services. For, as in other fields, collective bargaining has proven an effective vehicle for improving the conditions of work in the unorganized or organizing sectors as well as the organized hospitals. It has in addition been a prodding influence to administrative reforms and public discussion of health care problems. Today only about 10–12% of non-professional workers are organized, but the impact of the unions involved—principally the Retail, Wholesale and Department Store Union, the Building Service Employees International Union, and the American Federation of State, County, Municipal Employees—has affected conditions of work for the vast majority who remain unorganized.

Organization, collective bargaining and the improvements these bring, also produce tensions that are familiar. In particular, hospital bargaining raises the spectre of strikes that can endanger patient health and even human life. Where the law prohibits any concerted action to withhold services, we have a situation similar to that prevalent in public employment where collective bargaining is proffered with one hand and its realizations withdrawn with the other. Employees' ingenuity is tested to find a way around the ban, and the result, shown by nurses' mass resignations in New York and elsewhere, is that worker ingenuity discovers a way to meet the challenge, hardly a satisfactory way to promote obedience to law. We have to face this question: how can we grant public workers and those in occupations affecting health and safety the participation they seek and should have while preventing strikes that jeopardize the public interest. That is one of the most critical problems in hospital labor relations, whether for proprietary, voluntary or public institutions.

Hospital workers in some major cities have organized to a much greater extent than the national averages. In New York's municipal hospitals between 75–90% of non-professional workers belong to District 37, AFSCME. In the private and voluntary hospitals about 44,000 workers, or 60% of the total, belong either to Local 1199, RWDSU, which represents most of the voluntary institutions, or Local 144, BSEIU, which is active in the proprietary hospitals and nursing homes.

The struggle for organizational rights, particularly in the non-governmental sector is one of the ongoing classics in labor and civil rights history. It has been waged in an unfavorable legal setting since Congress exempted non-profit hospitals from coverage under federal labor laws in 1947. The Congressional design was to leave questions of protection for organization and respesentational procedures to the states but with a few exceptions, the states have not responded and except for California organization has progressed only in those few states which have enacted legislative guarantees.

In New York it was only after the effective strike for recognition by Local 1199 against seven hospitals in 1959 that a drive for legislation began. In 1963 the state legislature passed an amendment providing representational procedures for New York City alone (this was extended to the rest of the state in 1965). The hospital labor amendment prohibited strikes and mandated arbitration, voluntary if possible or compulsory if necessary.

For public hospitals the solution in New York as elsewhere has been to treat hospital workers as other public employees. Thus city hospital workers were covered by the Executive Order of 1955 and public hospital workers statewide were granted organizational rights and assured "collective negotiations" by the Taylor Law passed in 1967. For these public workers strikes are uniformly prohibited and collective negotiations are conducted under the procedures of the Office of Collective Bargaining in New York City and the Public Employment Relations Board in other parts of the state.

The most pressing issues in hospital labor relations are first, the assurance of organizational rights in those areas where representational proceedings are not provided by law, and second, the design of procedures for resolving impasses. Like other workers, hospital employees seek greater participation and a larger voice in the determination of conditions of their work. For these workers, who are largely black, that quest for participation is part of the drive for racial equality and equal opportunity. The fight in Charleston to give organizational protection to 500 service employees, most of them women, like the 1959 struggle in New York, was an integral part of the civil rights movement. These efforts usefully remind us that the goals as well as the objectives of civil rights activities have a close affinity to the struggle for labor rights fought for by many over the course of the last century. It is a struggle still being waged by hospital workers and others across the country. That relationship was reflected in the broad coalition of labor and civil rights leaders who marched together in Charleston early this year.

Once organization is achieved, the question is what form participation will take. There the dilemma is similar to that in other areas of public employment. Is there to be participation through joint determination, the process of collective bargaining which is dominant in the private sector of the economy or is some form of third party determination to be imposed? Collective bargaining depends upon the possibility of a strike, since it is the prospect that service will be withheld if a settlement is not reached that injects urgency into the process and forces a decision. Withholding services or suspending operations if the terms offered or demanded are unacceptable is the logical as well as traditional method of supporting demands and counter demands made at the bargaining table.

There are only two logical alterntives to be collective bargaining: either the final determination is left to the employer's discretion or it is transferred to an outside party, through a process of third party determination, most commonly arbitration. Neither of these alternatives meets the demand for participation. It is the rare case where, the drive for organization won, employee satisfaction can result from mere consultation. And the difficulties of implementing compulsory arbitration as a method of setting contract terms in all cases has been proven by experience. Arbitration is inconsistent with the aim of placing more responsibility with the parties themselves. It may improperly place statutory decision-making responsibility in the hands of a third party. It is especially unworkable where the arbitrator is asked to resolve a variety of issues without any agreed upon standard and that tends to become the rule where it is required. Regardless of how much data is given him, his judgment cannot adequately replace the decision of the parties who face and understand the pressures of the day to day activities. These are the tensions which can be effectively reflected in collective bargaining where the parties retain full control over the outcome of deliberations. If arbitration lies automatically at the end of the line, the result is predictably to stifle any collective consideration or bargaining. It is the flexibility induced by uncertainty that is a spur to resolution by the parties themselves.

In the private sector of the economy, collective bargaining has demonstrated its effectiveness as a method of dispute settlement. In public employment, it is gaining acceptance and improving its record for resolving disputes without a disruption of service. But true collective bargaining depends on the possibility of a strike, although not the certainty or even probability of it. Indeed, the probability is reduced, in our judgment, where the possibility of a strike exists.

Nevertheless, in hospitals, whether public or private, the prospect of disrupted service may be uniformly unacceptable, especially where negotiations are conducted on a regional or citywide basis with a group of hospitals and many institutions may be affected at once. In practice, both public and private hospital employees tend to ignore the strike prohibition in order to achieve bargaining. The provisions for compelling arbitration for New York voluntary institutions have never been invoked and have been generally ignored in negotiations between Local 1199 and the hospitals. The problem, then, is how to grant desired participation while preventing disruptions in service.

The situation is much the same whether we speak of voluntary or public hospitals. In each the workers are in the early stages of concerted efforts to improve conditions. In each the management is under increasing fiscal pressures to match inadequate revenue with spiralling costs for equipment, and materials as well as labor. In each, the workers compete with other demands on limited revenues. In each sector, the facility is conducted in a context of increasing public debate about reforms in finance and delivery of health services, and the potential of comprehensive and universal insurance schemes. In each type of institution the sources of revenue are flexible and substantially dependent on government payments or public assistance. When in July of 1970 the city hospitals are transferred to a public corporation, under a board of city officials and public representatives, the administrative structure will closely resemble that of the nonprofit institutions. Thus it seems appropriate to consider the problems of labor relations in hospitals without distinguishing between public and voluntary institutions.

The major issues are the same through hospital labor relations. First, questions of unit determination—whether supervisory personnel should be included in bargaining units; whether hospital bargaining should take place along functional or "craft" lines or whether units should include broader groups of employees. Local 1199 has taken the position that separate groups representing different functions of manual, clerical, maintenance and professional employees will initially establish their own identity and then proceed to joint bargaining with specialized committees setting forth their particular claims. In 1968 for the first time the hospitals grouped together for bargaining. Local 144, which represents most of the proprietary institutions, has preferred comprehensive units crossing functional lines. In the municipal hospitals, negotiations between District 37 and the city are conducted on a job title basis, with titles that apply to other departments as well as hospitals negotiated citywide. The result is substantial fragmentation of agreements although an effort is being made to achieve greater coordination.

A second major issue in hospital bargaining is that of wage differentials between workers of differing skills. As in any industrial union arrangement, the tensions between low and high skill employees is reflected in the issue of percentage or dollar increases. When, as is common in hospitals, the focus is initially on raising entry-level wages, the resulting narrowing produces pressure from the skilled people in subsequent negotiations.

Third, an important issue at the bargaining table is subcontracting.

Hospitals faced with mounting costs look toward the possibility of savings through regionalized laundry and maintenance services or mechanized food preparation. Subcontractiong can produce inter-union conflict with non-hospital organizations. This was the result in 1962 when Flower Fifth Avenue Hospital attempted to subcontract dietary and housekeeping operations to an organization represented by the Hotel Service Employees, and Local 1199 set up pickets at the hospital gates.

The overriding issue in hospital labor relations remains the question of impasse resolution. If strikes are prohibited under all circumstances, as they are now for public and voluntary hospitals, collective bargaining is frustrated. If employees seek to achieve bargaining by raising the possibility of a strike, they threaten violations of law and bring into the arena the variety of penalties that are provided for such misconduct. The strike ban often becomes a challenge to the ingenuity of the workers—a challenge they appear capable of meeting. As the nurses demonstrated with their mass resignation, the mind of man (or woman) is more than a match for a statute that tries to dictate conduct indorsed as proper for some but deemed unacceptable for others. The result is law that is ignored and bargaining that exists in fact if not by statutory decree.

It would be preferable to create a system that effectively resolves disputes, our primary objective, while granting participation. Such a system would encourage collective bargaining to the fullest extent possible, recognize the possibility of a strike, and protect the public against injury to health or safety through the flexible and discretionary use of an injunction for a limited period when all other procedures have failed. However, if in the hospital area, any prospect of a work stoppage is deemed unacceptable, then we suggest this plan to prevent strikes while offering workers effective participation. It is a method of promoting collective bargaining to the fullest extent possible.

First, create a Board to Promote Collective Bargaining in Hospitals and Health Services with the primary function of prompting joint decision making by mutual agreement.

Second, designate this Board as the agent to decide when direct negotiations are no longer possible or productive and to determine what procedure should be followed as an alternative. If the Board does not believe the parties have exhausted the utility of negotiations, it would be able to insist on further meetings with mediation. If it decides that fact-finding or recommendations are called for, it would have power to direct this procedure. No fixed procedure would be mandated in advance. The Board would have full flexibility to design procedures that met the particular situation.

Third, the Board should have authority to restrain a strike for a limited period, perhaps 20 days, to give it time to consider the next step to be taken.

Fourth, as a last resort, the Board would have power to submit a particular remaining issue or issues to arbitration. The Board would also frame the issue for the arbitrator. By holding this possibility in reserve, the process would have sufficient uncertainty to spur effective negotiations.

A Board to Promote Collective Bargaining would serve these purposes: 1) it would encourage direct negotiations to the fullest extent possible; 2) it would permit the submission of one or more issues to arbitration if that seemed appropriate, but the parties could not evade direct responsibility with any expectation that arbitration would be waiting at the end of the line; 3) it would carefully formulate the issue or issues for arbitration in order to avoid an unlawful delegation to a third party or the unnecessary submission of many minor issues because either or both of the parties are reluctant to assume the responsibility of decision making.

Such a Board to Promote Collective Bargaining with a broad range of flexible researve powers is a more workable method of resolving disputes than the procedures of the Taylor Law for public institutions or the mandated arbitration of the hospital labor relations amendment governing negotiations in voluntary institutions. It would bring the law into closer relation to the reality of hospital labor experience, and that is the indispensable foundation for effective labor relations in the health service field.

LABOR RELATIONS IN HOSPITALS IN THE PRIVATE SECTOR

NATHAN HERSHEY
University of Pittsburgh

There are some differences as well as considerable similarity between labor relations in hospitals in the public sector and labor relations in the private hospital sector. Two kinds of hospitals are in the private sector, proprietary and voluntary. Proprietary hospitals, to a large extent, are like any commercial enterprise; therefore, the special facets of the labor picture in voluntary hospitals will be emphasized.

At the outset it would be worthwhile to identify some of the attributes of the voluntary hospital system because, to a large extent, positions taken by hospital boards and administrators reflect the historical background of the voluntary hospital and the rather unique status in our society that this institution has had, and to a large degree maintains today.

The voluntary hospital is an institution that came out of the desire of what in our present day would be called the "Establishment" to provide on a private basis, for religious and philanthropic reasons, a place where the poor would be cared for. Some cynics have suggested that the voluntary hospitals provided a way to keep the dying poor out from underfoot. Until the relatively recent past the expense of care provided to the poor was met by donations of philanthropically oriented key members of the community and, to some extent, from the public at large through regular fund drives throughout the community. These drives took advantage of the charitable inclinations of those citizens who, while not rich, were not poor either.

The voluntary hospital, as a philanthropic and charitable institution, has since its inception been granted many benefits and exemptions under the law. Exemption from payment of property taxes, income taxes, and, in many states, sales taxes, together with the deductibility for federal and state income tax purposes of contributions to the voluntary hospital, indicate the recognition of the voluntary hospital's special character in the tax laws. Until recently, in many states, the voluntary hospital was immune from liability to patients and others who suffered injury as the result of the hospital's activities.

Most pertinent to today's subject are the exemptions of voluntary hospitals from the Federal Labor Management Relations Act and, in some states, from duties imposed on other employers by virtue of state labor relations acts. While pressure from the key hospital organization, the American Hospital Association, and prominent individuals who were deeply involved in the voluntary hospital system has been in part responsible for the favored or special treatment of the voluntary hospital in many areas of law, including that of labor relations, special treatment was not offensive to many because of the services rendered by these institutions. They provided services to the unfortunate individuals who lacked the resources to pay for their health care and for whom there was no significantly effective program to provide for payment of service, other than private philanthropy.

The effect this charitable aura and the special treatment under the law that accompanied it has had on the individuals who have been deeply involved in the voluntary hospital system, as board members and administrators, is clearly manifested in the labor relations area. The special status of the voluntary hospital encouraged an extraordinary degree of paternalism in dealing with hospital employees. Wages for hospital employees have been, and in many parts of the country still are, considerably below the level for employees in similar occupations, working for employers in the private industry sector. The concept of protecting the assets and revenue of the voluntary hospital from any inappropriate diversion, such as payment for harm suffered as the result of negligence of the hospital and its employees, for public services such as police and fire protection through taxes, carried over in some respects to the view of employee relations of many board members. Voluntary hospital people expected employees to sacrifice their personal economic interests because of the pleasure and sense of self-fulfillment they would experience from serving the most unfortunate members of the community. Perhaps many more said it than believed it, but this kind of talk can still be heard.

The board members of the voluntary hospital accepted the responsibility for the institution's continuation and financial stability, and often this responsibility was met through acts of giving, both through yearly donations and bequests in wills. Some board members believed that the hospital's employees should also participate in this giving, by working for low wages and accepting conditions of employment substantially below the level then current in private industry. Hospital employees were, in a sense, involuntary philanthropists. Furthermore, the hospital could not pay well by its own terms of reference, and if employees wanted to enter industrial and commercial employment where wages were higher, they were free to do so. Of course, if hospital wage rates were kept down, the contributions from the board members and other members of the community to cover deficits could be that much lower each year. In many communities poor employment practices made the hospital the employer of last resort, as it still is in much of the United States.

But changes have been taking place that have been responsible for making labor relations an important issue for many voluntary hospitals. For one thing, private philanthropy no longer pays a significant part of the cost of services for the patient without adequate financial resources. To some extent the third party payment mechanisms of the private sector—Blue Cross and other insurance programs—indirectly pay for a part of the care of the poor. In addition, private patients who select the most expensive hospital accommodations pay an amount above the actual cost attributable to their care and accommodations, and the excess is available to be applied in some way to the care of the poor. But the most important mechanism has been government payments through the welfare and social insurance systems for care rendered the poor. This is especially true since the advent of Medicaid and Medicare. Most hospital care today is now financed in a relatively businesslike fashion and, if there was ever a reason to exploit the employees of the institution to make possible the provision of care to the poor, the reason is now greatly diminished, if not totally eliminated.

When unionization activities hit the New York hospitals on a large scale a decade ago it was quite a surprise to learn that a considerable number of voluntary hospital employees were paid wages so low that these employees were also the recipients of supplementary welfare benefits. Their wages were below the very inadequate minimums established by the welfare authorities. One could say that, at that time, the welfare system was subsidizing the voluntary health care system in the City of New York.

There is a social dimension to the voluntary hospital labor relations picture too. In most of the large cities and in practically all of the smaller communities throughout the country, the hospital boards are composed of bankers, business executives, members of the "idle rich," prominent attorneys, and wives of esteemed members of the community who are serving on other community institution boards. Not many Negroes fall into those categories. Board membership is eagerly sought by many as a sign of social distinction and, to some extent, membership on the board of many voluntary institutions is tied to membership in or affiliation with specific religious denominations, and the social structure of exclusive private clubs. Thus, the board is drawn from the social and economic elite of the community. But, in large cities and small towns alike, large segments of the working force of hospitals, especially the employees in the nonprofessional categories, are drawn from the most disadvantaged minority groups in the area. In the nonprofessional employee category the percentage of Negro and Puerto Rican hospital employees in the City of New York is well over 50%, and in some institutions is greater than 80%.

The voluntary hospital, the employer of last resort in many communities, has become the most important employer for members of the black community in many parts of the country. The voluntary hospital, as a private organization with community service responsibilities, is largely free from the kind of public responsibilities that attach to state and local governments, which often must be somewhat more receptive to the new forces and trends in society, or at least give such an appearance. The gulf, in terms of economic and social position, between the boards of voluntary hospitals and the majority of their working force is enormous, and it accounts in part for the inability of board members to understand the needs and desires of the hospital's employees. Increasingly, unionization of nonprofessional employees has been linked to the Civil Rights Movement, and there are similarities between the attitudes of hospital boards towards employee organizational efforts and the views of the dominant white community towards aggressive efforts by the black community to redress inequities.

When the threat of employee organization and unionization is first recognized by the board, in many institutions the reaction is extremely defensive. Unionization is viewed not only as a threat to the prerogatives of the board and administration, but also as a danger to the safety and welfare of the patients. Oddly enough, the member of the board who is an executive of a concern that has had harmonious collective bargaining relationships with a union often is appalled by the thought of collective bargaining with the hospital's employees. He looks back at the philanthropic model of the voluntary hospital and wonders why the employees seek to enter the mainstream of the American labor movement. This attitude was quite evident in the floor debate in the United States Senate on the exemption for voluntary hospitals in the Taft-Hartley Act.

Hospital employees are trying to achieve goals in addition to higher wages. In seeking unionization and collective bargaining, there is also the desire to assert the idea that they have some control over their own destinies, that with respect to working conditions they are not at the mercy of arbitrary decisions of a board or an administrator.

State legislators and the Congress have not been oblivious to the developments in the voluntary hospital system. The voluntary hospitals have recently been placed under the Fair Labor Standards Act. In several states collective bargaining has been extended to either limited categories, or the entire range, of health facility employees. Special labor relations acts for hospitals or amendments to existing labor relation acts, have brought benefits of collective bargaining to hospital employees in approximately ten states in the past decade. The form the legislation has taken in most of these states is similar. The hospitals, as employers, are denied the lockout, and the employees are barred from using the ultimate weapon, the strike. Procedures are established for determining collective bargaining representatives and both sides are required to bargain in good faith. Under some statutes compulsory arbitration is required when an impasse is reached.

How these statutes have worked is clearly a subject of some disagreement. When voluntary hospitals were forced into collective bargaining by the enactment of legislation, most hospitals were at a considerable disadvantage. They had been protected for so long from the requirement to enter into the arena of labor-management relations that they appeared to lose some battles that might not have been lost so badly if they had been better prepared for them. There were many major inequities that the unions could point to as the basis for relatively large wage increases and other changes in personnel policies, and some hospitals did not know how to respond to union demands. Many hospitals have now recognized their need for skilled negotiators and the expertise that management usually calls upon in labor relations matters.

One interesting facet of the labor relations scene for voluntary hospitals, which is true for states with labor relations acts that apply to voluntary hospitals as well as states where there are no applicable statutes, concerns the difference between positions taken by professional groups, such as professional nurses, and nonprofessional employee organizations in the past, and the change now taking place. The American Nurses Association in 1950 took the position that professional nurses should never strike, and this position was adhered to by most state associations as well. The ANA reversed this position in 1968, withdrew the no-strike pledge, and decided that the question was one for local determination. Now, no national policy for or against strikes by nurses exists. Some state associations maintain the position that professional nurses should not strike. Even where the position that nurses should not strike is retained, professional nurses have used the threat of mass resignation or mass reporting off sick to achieve the advantages of the strike weapon.

Organizations of nonprofessional employees have not been as inconsistent with respect to the use of the strike and the effectiveness of striking to obtain objectives. However, in reviewing the disputes involving voluntary hospitals, there have been relatively few instances thus far in which nonprofessional employee organizations have engaged in strikes in violation of law, either statute or embodied in a court order.

Attention might next be turned to the hospital labor relations picture in those states without labor relations acts that apply to labor disputes involving voluntary hospitals. Only a quarter of the states have what could be termed labor relations acts and, as mentioned earlier, in some states voluntary hospitals are not subject to the laws. In Pennsylvania, for example, by a court decision more than a score of years ago, it was held that the labor relations law and the anti-injunction act did not apply to labor disputes involving voluntary hospitals. At each legislative session bills are introduced to bring the benefits of the labor relations act of the Commonwealth to voluntary hospital employees, however, there has been no change in Pennsylvania so far.

A number of states without labor relations acts have been the scene of disputes concerning voluntary hospital labor matters, and some of these disputes have been extremely bitter. Courts in these states, in disposing of requests for injunctive relief, have drawn the line between strikes and picketing, usually forbidding strikes and picketing that interferes with operations, and permitting only publicity picketing. Expression of sympathy for the employees of voluntary hospitals can be detected in some judicial opinions, but the hospital still secures most of the injunctive relief it seeks.

There are a few instances in which voluntary mechanisms for the resolution of hospital labor problems have been established, and deemed successful. The factors that lead to the success of such arrangements include involvement of trade union representatives on the hospitals' boards, great dependence by union members upon the voluntary hospitals for services, and recognition by the key people in the voluntary hospital system that establishing a workable system for handling hospital labor disputes may avoid legislative and court battles concerning collective bargaining. Under the most notable consensual plan, the "Toledo Plan," unions do not bargain collectively or strike, but the hospitals guarantee that they will not discriminate against unionized employees. A community board, on which organized labor, the public and hospital management are represented, was established to resolve issues that hospital grievance procedures did not resolve. There have been no serious hospital disputes since this plan went into effect. However, this model is not likely to be sucessfully followed in many communities now, given the present state of relations between hospitals and employees.

An additional problem in hospital labor relations arises from the likely plethora of employee bargaining representatives. At present, hospitals are faced with dealing or bargaining with nurses who are usually represented by a district or state association, with other categories of professional employees who are represented by their respective associations, with craft employees who are represented by building trades locals, and with nonprofessional employees who are represented by other broad-based labor organizations.

It is not difficult to envision the problems in the hospital of the "leapfrog" effect of a multitude of unions on wage and fringe benefit matters, and voluntary hospitals will face many of the same kinds of problems faced by a large city that has to bargain with uniformed services, teachers, transit workers, social workers, etc.

Related to the foregoing is the tendency of groups of professional and occupational specialists in the health field to seek the enactment of licensing legislation. Although licensing is asserted to be in the public interest, it is usually sought for the purpose of improving the position of the group's members in terms of economic rewards, and serves to reinforce the importance of the association.

Licensure and hospital labor relations are linked in the context of the demands by unions for an end to dead-end jobs, greater vertical mobility with attendant opportunities for better remuneration, and hospital sponsored or conducted training programs. The effect of mandatory licensure for professional nurses, practical nurses, and other categories of personnel below the physician level, is to prevent the hospital from promoting personnel who are employed at the entry level in low paying positions but who demonstrate a capacity to perform suitably in higher level positions, unless these persons obtain the licenses that are required for many of these positions. The formal education requirements for eligibility to take licensure examinations, stemming from the interaction of educators and professional and occupational associations, to protect their own interests as well as the public's interest, have the effect of severely reducing the likelihood that people initially hired at low levels would ever be able to obtain licensure, unless the licensing pattern is changed. Some unions are demanding that hospitals create a basis for rapid upward mobility, even if it means entering into conflict with professional organizations over issues such as credit for experience and equivalency criteria in lieu of formal course work in traditional educational institutions, to establish eligibility to take the licensing examinations.

Interestingly enough, the constraints imposed by licensure upon both the exercise of management prerogatives by hospitals in assigning tasks and functions and upward mobility of employees in entry level positions, may bring hospitals and unions together in joint efforts to reduce or even eliminate personal licensure, and the specific rigid requirements that go with it, when public protection does not require such limitations. While management discretion and prerogatives are sometimes affected by the outcome of collective bargaining, the hospital may have greater flexibility under collective bargaining than it has when it encounters the legal restraints stemming from mandatory licensing legislation, and the power of the various professional occupational associations which is derived in part from such laws. The development of the common ground upon which hospital management and unions of hospital employees can stand may serve to reduce somewhat the antipathy that has developed between the two.

The organization of this session has tended to emphasize difference between governmental and voluntary hospitals. Differences, to the extent they exist, between governmental and voluntary hospitals in the sphere of labor relations are likely to be blurred or even eliminated. Both governmental and voluntary institutions, supported to a considerable extent through government payment mechanisms, will be increasingly expected to engage in collective bargaining although they lack the ability to maneuver as well as concerns in private industry. There is no profit margin to play with in the short term, and they have less control over revenue than a private concern has. The solutions to problems of bargaining in this kind of context for both the institutions and the employee organizations do not lend themselves to a simple formula.

DISCUSSION

HENRIETTA L. DABNEY
American Nurses' Association

I only wish that all hospital administrators shared the enlightened views of Mr. Metzger on the right of their employees to bargain collectively. Time and again, the American Hospital Association has placed itself on record as opposed to collective bargaining for hospitals. Thus, Mr. Metzger's contention notwithstanding, in the hospital world as I know it, the right of employees to organize and bargain is unfortunately still a very live issue.

I welcome Mr. Hershey's first-hand account of the attitudes held by the members of nonprofit hospital boards for two reasons. For one, archaic as they may sound, they are on the mark. For another, in a discussion of hospital labor relations, it is very approprate to examine the role of these volunteer boards.

Implicit in Hershey's account is the assumption that the attitudes of board members often carry more weight in decisions about the operation of the hospital than do those of the hospital administrator and his managerial team. And, indeed, that is often the case—and not only in labor relations questions. Operating decisions that in industrial plants are normally made by the chief executive may, in the voluntary hospital, be made by the volunteer board.

The dynamics of hospital bargaining reflect the unique and highly complex organizational structure of the hospital. The role of the hospital board is but one manifestation of the hospital's singular authority structure and only one example of how that structure limits the authority of hospital administrators. An understanding of this structure is essential to an understanding of many of the facets of hospital labor relations.

The origin of the attitudes held by hospital board members is attributed by Hershey to the tradition of charitable financing, and their longevity to the perpetuation in law of the charitable immunity doctrine. These have been significant factors, but perhaps as important is the character of the hospital work force, "then" and "now." In other industries, employees disabused their employers of similar notions several decades ago. Hospitals it seems had a docile work force.

In the 'twenties, hospitals had a relatively small number of employees, engaged primarily in maintenance, housekeeping and kitchen activities. The persons on payroll concerned with the delivery of nursing care were relatively few. Private patients engaged self-employed private duty nurses. To meet the needs of indigent patients, hospitals relied primarily upon the free labor of student nurses enrolled in the hospital's school of nursing.

It was not until the 'thirties that hospitals began to employ nursing care personnel in any number. At the outset, the overwhelming majority were registered nurses, women, housed in nurses' residences, and the product of a hospital education system that had educated them to accept the hospital's paternalistic outlook. The eradication of "docility" took years, helped along in part by the development and utilization of larger and larger numbers of paramedical personnel.

I must take issue with Hershey's assumption, echoed by Mr. Metzger, that hospitals will be faced with a plethora of bargaining representatives as a result of the trend toward licensure of separate occupational specialties. That assumption ignores one basic reality: money.

Representation activties take money—for staff, attorneys, travel. Most of the emerging occupational specialties involve small numbers of people—Hershey uses the example of a unit of two occupational therapists. No organization in the country has a dues structure high enough to support the cost of nationwide bargaining for two-person units. The ANA economic security program is possible only because there is a large number of nurses employed in relatively large groups.

Small bargaining units are generally weak bargaining units. Their limited resources can often be exhausted by an employer's delaying tactics. Many of these specialists are in a weak bargaining position. Unlike registered nurses, their services are not required around the clock, or for all patients. For example, occupational therapists are not "critical" to the operation of most general hospitals; in certain orthopedic settings and rehabilitative centers, however, their function is critical.

Nor can I concur with Mr. Hershey that these emerging specialist organizations will regard coordinated bargaining as "anathema." While the ANA experience in joint bargaining has been limited thus far, I have every reason to believe that joint procedures will be utilized increasingly by nurses in the future.

The real threat to hospital administration is not a plethora of weak, separate units, but rather the licensing of separate specialties. Licensure makes the registered nurse legally responsible and liable for her own acts; not the administrator, not even the physician, can order a nurse to administer a medication if, in the nurse's professional judgment, that medication should not be given. Licensure or certification of the new specialties would very probably result in only licensed or certified personnel being permitted to perform certain patient care procedures. Obviously, this diminishes administrative authority for assigning and directing personnel.

The Kheel-Kaden proposal has great merit. The best proposal is meaningless, however, unless it can be enacted into law and utilized. I would like to share with you the three-pronged ANA position set forth in its recent "Statement on Federal and State Labor Relations Laws."

> "(1) The health care industry in the United States is a unique mixture of public, proprietary and nonprofit services. Labor relations in the industry should be approached as an integrated whole, with substantial uniformity of treatment of the employees in the three sectors."

Today's program has focused on hospitals, but there are many other kinds of health care facilities. Traditional patterns of organization fostered the segmentation and fragmentation of health care services, but that is changing. In a coordinated system for the delivery of health care, public, proprietary and nonprofit hospitals, nursing homes, outpatient clinics, public health agencies, etc., engage in joint efforts, use each other's facilities—sometimes each other's personnel. Protection of the right to bargain should be extended to all health care employees, not just to hospital workers.

> "(2) Coupled with the need for 'uniformity' is a need for 'flexibility.' A small but significant number of health care employees now bargain with their employers under the protection of a variety of state laws. Blanket extension of the National Labor Relations Act to employees now protected by substantially equivalent state laws would disrupt many existing bargaining arrangements and not further the interests of labor peace. Moreover, the innovative features of a number of state laws, particularly as they apply to the handling of disputes, are worthy of retention."

The Kheel-Kaden proposal is exactly the kind of innovative impasse resolution procedure that ANA would like to see enacted and tried out. We hold no brief for any one procedure, although the Kheel-Kaden proposal has certain obvious advantages over some existing procedures. We do urge innovation and experimentation in this area, the kind of innovation and experimentation that we judge at this point in time to be possible only under state laws.

> "(3) Within the authority structure of organized health care services, professionals have unique status and responsibilities. The right to bargain of health care professionals, of which registered nurses constitute the largest single body, requires special protection in law."

The authority structure of many different kinds of health care facilities is modeled upon that of the voluntary hospital. Legislation regulating labor relations in the health care industry should recognize and accommodate to the complex and unique character of that structure.

DISCUSSION

The Honorable Frank Thompson, Jr.
Congressman, New Jersey Fourth District

I appreciate the fine discussions by Ted Kheel, Lewis Kaden and Nathan Hershey and also appreciate my old friend Ann Somers' picking such an important topic for discussion. We couldn't have had a finer trio of experts.

I appreciate being a discussant along with Norman Metzger, Henrietta Dabney and Lillian Roberts. They have great insight into the problems before us.

I am sure Mr. Metzger can talk at length about the difficulty of obtaining trained personnel, the ever increasing labor costs, and the skyrocketing price for a hospital room.

I am sure Miss Dabney can talk about the shortage of nurses, the inability to recruit because of hard work, long hours, low pay, and sometimes callous disregard by administrators of professional standards and qualifications. She could also talk about an increasing militantism, mass resignations, of work stoppages and the like.

I am sure Mrs. Roberts can tell of leaping union growth by non-professionals. Probably one of the most underpaid group of employees in America, hospital workers are turning in increasing numbers to unions for redress of legitimate economic and social grievances; and they resort to the strike and picket line when hospital administrators refuse even to meet with their spokesmen.

Why have we witnessed mass resignations by nurses? Why have we experienced the bitter strikes at the hospitals in Charleston, South Carolina and in Suffolk, Virginia; with discharges, mass demonstrations, injunctions, state police, and so on?

I believe it is for the same reason we have seen so much strike activity by teachers, by policemen, and other public employees; that is, because these workers have been denied the rights to self-organization and the rights to resolve their grievances through the give and take of peaceful collective bargaining.

This is a favorite subject of mine. As some of you are aware, I have given considerable time and effort as Chairman of the Special Subcommittee on Labor of the House of Representatives to bring excluded groups—from farm workers to baseball umpires—within the protection of the federal laws.

I would like to spend the next few minutes talking about the legislative framework for collective bargaining, and the denial of this legislative protection to hospital employees.

There are three general categories of hospitals—municipal, charitable, and private—and they are treated differently under the federal law.

1. MUNICIPAL HOSPITALS

Since the 1935 Wagner Act, "public employees" have been excluded from the protections and prohibitions of the federal labor laws. This has been achieved by defining the term "employers" as not to include "any State or political subdivision thereof." In short, if the hospital is owned and operated by the State, by the County or by a municipality, the hospital is not an "employer" within the meaning of the federal laws; and the "unfair labor practices" prohibited in Section 8(a) are not applicable to them. One consequence is that the state medical school hospital in Charleston was free to discharge employees because of union association and activity, and was under no obligation to recognize or bargain with the union representing the employees. It refused to do so, and we all know what happened.

2. CHARITABLE HOSPITALS

Many of the hospitals of the country are operated by charitable institutions. The original Wagner Act of 1935 did not exclude such hospitals from the coverage of federal law; and the National Labor Relations Board exercised jurisdiction over non-profit hospitals. The Board reasoned that such hospitals were engaged in "commerce," and the fact that the hospital was a "charitable institution" made no difference, for "employees of hospitals, like employees of automobile factories, must live upon their wages." *The Central Dispensary and Emergency Hospital,* 40 NLRB 1011 (1942). In that case, the Building Service Employees Union won an election, and the hospital refused to bargain. The Board issued a cease and desist order, and brought an enforcement proceeding in the Court of Appeals. The Court, in an opinion by then Judge Thurman Arnold, affirmed the Board. It held that neither the spirit or policy of the Labor Act required an exemption of charitable hospitals. *Labor Board v. Central Disp. & E. Hosp.,* 145 F 2d 852 (D. C. Cir. 1944). This continued until 1947, when the Taft-Hartley amendments completely over-hauled the original Wagner Act. The House Bill expressly exempted "non-profit hospitals," as well as all other charitable, religious, scientific and educational organizations. The minority in the House thought it "ironical that organizations devoted to the social welfare should be exempted from bargaining with their own, often underpaid employees."

In the Senate, the bill as introduced did not exempt any such organization. However, Senator Tydings of Maryland introduced a floor amendment which would exempt any "corporation or association operating a hospital if no part of the net earnings inures to the benefit of any private sharehold or individual."

The debate was brief. Senator Tydings told Senator Taylor that the proposed amendment would not "prevent hospital employees, particularly nurses, from organizing"; as the amendment "simply makes a hospital not an 'employer'." Senator Tydings emphasized to Senator Kilgore that the amendment "applies only to hospitals not operated for profit."

The Tydings amendment was adopted by the Senate, and then by the House of Representatives, and written into law.

Since 1947, then, charitable hospitals are immunized from National Labor Relations Board jurisdiction. They may and do discharge employees because of union activities, they may and do refuse to recognize or bargain with a union selected by a majority of their employees. The only recourse by workers is to strike, and this they do.

3. PRIVATE PROFIT HOSPITALS

Although private proprietary hospitals were not exempted from the Labor Act by Congress, in 1960, the Labor Board refused to assert jurisdiction over them. *Flatbush General Hospital,* 126 NLRB 144 (1960). A Doctor Samuel Berson owned and operated a 111 bed hospital in Brooklyn, New York with an annual gross business of approximately $1,000,000. The Hotel and Allied Service Employees Union began to picket the hospital, demanding recognition as the bargaining representative of the 140 employees. The hospital petitioned the Labor Board to conduct a secret ballot election, and the Labor Board refused.

The Labor Board admitted that it had jurisdiction; but declined to exercise it. The Board reasoned that (1) the operations of this class of hospitals are "essentially local in nature," servicing "local residents"; (2) the operations of this class of hospitals are subject to close regulation by the States; and (3) the states will regulate the labor-relations at this class of hospitals if the Labor Board refuses to do so.

By 1967, however, the Labor Board was forced to reconsider and reverse *Flatbush* and take jurisdiction over the 900 or more proprietary hospitals. *Butte Medical Properties,* 168 NLRB No. 52. The Board reasoned that with Blue Cross, Medicare and other programs, health-care efforts now "have a very substantial effect on interstate commerce" and further that "the public interest would be served in making available the orderly and peaceful procedures of the (National Labor Relations) act." The Board also noted that except in Massachusetts, Michigan, Minnesota and New York, the states had not moved into the void created by *Flatbush* to regulate the labor-management relations in the hospital industry. As the states would not move, the Labor Board was the only institution to prevent disruptive labor disputes. However, the Board limited its jurisdiction to those individual hospitals having an impact on commerce, i.e. those which receive at least $250,000 in gross revenues per annum.

On the same day, and for the reasons advanced in *Butte Medical Properties,* the Labor Board extended its jurisdiction over the 20,000 or so proprietary nursing homes, or at least over the nursing homes which receive at least $100,000 in gross revenues per annum. *University Nursing Home, Inc.,* 168 NLRB No. 53.

SUMMARY AND CONCLUSION

As a result of the legislative policies and Labor Board decisions, the processes and procedures of collective bargaining are available for the resolution of labor-management disputes at private proprietary, profit-making hospitals; but there are no orderly procedures for the ascertainment of majority union sentiment, for the adjustment of grievances, for the resolution of wage disputes in charitable or in public hospitals.

This does not make sense. If the processes of collective bargaining are useful to the peaceful resolution of labor disputes in private hospitals (which I think they are); why should not the same processes be made available to the resolution of labor disputes at public and at charitable hospitals? There is no constitutional barrier.

All hospitals are in Interstate Commerce and susceptible to the remedial powers of Congress. There is no question on this score. In 1966, Congress amended the Fair Labor Standards Act to make its minimum hourly wages applicable to hospitals and schools "regardless of whether or not such hospital is public or private, operated for profit or not for profit." Over the objection of Maryland and 27 other states, the Supreme Court affirmed the constitutionality of this law. Mr. Justice Harlan announced for the Court that:

> "It is clear that labor conditions in schools and hospitals can affect commerce. . . . Strikes and work stoppages involving employees of schools and hospitals, events which unfortunately are not infrequent, obviously interrupt and burden this flow of goods across state lines." *Maryland v. Wirtz,* 392 U.S. 183, 194–5 (1968).

If it is Constitutional and wise for Congress to protect interstate commerce against strikes by a minimum wage at all hospitals, public or private, charitable or profit-making; it is Constitutional, and also wise, for Congress to seek the same objective by substituting at these institutions the peaceful processes of collective bargaining for the presently existing naked resorts to economic warfare.

The staff of the Special Subcommittee on Labor is making an in-depth study of this and related problems, and you can rest assured that it has my blessing and high priority.

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COLLECTIVE BARGAINING IN THE NATION'S SCHOOLS*

Allan Weisenfeld, Chairman

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* The discussions presented in this session by Harold Ashby of the Newark Board of Education, Donald Conrad of the National Commission on Professional Rights and Responsibilities, and Albert Shanker of the United Federation of Teachers, are not included in the published *Proceedings.*

THE IMPACT OF DECENTRALIZATION ON COLLECTIVE BARGAINING IN URBAN EDUCATION*

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The purpose of this paper is to examine the impact of school decentralization on collective bargaining in urban education. In this paper, the term "school decentralization" means the delegation of decision-making power from city-wide school boards and administrators to lower policy making and administrative levels of the school system. It is not merely administrative decentralization, however, since implicit in this delegation is greater community control by lay persons residing in the local areas in which the schools are located. After a brief discussion of community motives for decentralization, the paper examines the effect of decentralization on teacher organizations, the structure of negotiations, relative bargaining power and teacher supply.

COMMUNITY MOTIVATION FOR DECENTRALIZATION

Interest groups representing segments of the black community have been particularly critical of the quality of education supplied in urban school systems. Similar criticisms are also expressed by white citizen's groups, although their reasoning often differs somewhat from that of interest groups representing the black community. The failure of the nation's urban school systems and especially central city schools, to supply education of a quality similar to the type of service supplied in the suburbs is continuously discussed in contemporary literature.[1]

Politicians, educators and social scientists have advocated edu-

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* The Temple University Manpower Research Institutional Grant from the U.S. Department of Labor provided partial support for this study. The authors are grateful to Mr. Jerome Staller for his assistance.

** On leave at the Council of Economic Advisors 1969-70. The ideas expressed in this paper are the personal views of the authors and do not represent the official views of the Council of Economic Advisors.

[1] For a recent study of this phenomenon in Atlanta, Georgia, see, Commission on Professional Rights and Responsibilities, *Central Issues Influencing School-Community Relations in Atlanta, Georgia,* (Washington: National Education Association, 1969).

cation as an important road to equality. After all, other immigrant groups to the city apparently have used education as the vehicle to success. While it is questionable whether increased investment in education is an effective method of reducing income inequality,[2] the black community has accepted the "intellectuals" argument and some of its most active interest groups now press for quality education. Since other attempts to raise the quality of education have largely failed and integration has been resisted by whites, the black community now wishes to improve the quality of education itself by having an active decision-making role in local school policy. Local community participation in educational decisions, a concept initiated by intellectual critics of the educational establishment, has now become the dominant theme of interest group activity in many large city school systems.

Another reason for the drive for community control of schools is the desire by the black community for more decision-making power in local politics. Blacks have traditionally been excluded from the political power structure of cities. However, the immigration of Negroes into the city and the outmigration of whites to the suburbs has changed the racial distribution of most large cities. In addition, the impact of the natural increase of the population (excess of births over deaths) has resulted in some 55% of the total Negro population now residing in central cities compared with 26% of the white population. Between 1960 and 1969, the central cities gained nearly three-quarters of a million people. This net change was the result of an increase of 2.6 million in the Negro population and a decline of slightly less than 2 million in the white population.[3]

Many of the advocates of school decentralization see control of the school system as part of their attempt to achieve more decision-making power in the political system. Education is particularly vulnerable because it is the one institution that has always been oriented towards the local community and has historically encouraged community participation. In addition, Negro supporters view school decentralization as a means to redistribute economic power in the local community. They complain that school construction in black communities is performed almost exclusively by white entrepreneurs and white construction workers. Under decentralization, local community school boards in central cities are likely to insist on quota hiring systems which increase job opportunities for residents of the community. A similar policy is likely to be applied to other services supplied to the school such as maintenance, food and transport of students.

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[2] Studies have shown that as recently as 1960 there was substantial income differentials between blacks and whites with the same amount of education and experience. In fact, the income gap between blacks and whites, for equal amounts of education grows as investment in education rises, and at an increasing rate. See Lester C. Thurow, *Poverty and Discrimination*, Washington, D.C., The Brookings Institution, 1969. esp. Chap. V.

[3] Testimony of Conrad Taeuber, Bureau of the Census, before House Committee on Banking and Currency, October 14, 1969.

ADJUSTMENT TO COMMUNITY CONTROL

The precise impact of decentralization on teacher bargaining in urban school systems will depend on the nature of the particular decentralization plan. All decentralization proposals, however, which in effect change the environment in which the organization operates are bound to meet initial resistance. Institutions traditionally resist change and teacher organizations are no exception. Teachers are naturally skeptical because change can weaken their organization and because they have a vested interest in the *status quo*.

Teacher organizations are concerned with consolidating present gains as well as improving conditions of employment for teachers. Issues involving job security become crucial during the introduction of the decentralization plan. Selig Perlman characterized the employee's view of the job market as displaying a "manualist psychology" in the sense that workers felt that job opportunities were always exceeded by the number of job seekers. As a result, workers were willing to accept union control over the allocation of scarce jobs.[4] Urban teachers also feel that there is a shortage of desirable job opportunities within the school system and consequently issues concerning seniority, hiring, assignment and transfer clauses must be discussed with teacher representatives and the detailed provisions specified in the decentralization plan. Failure to do this will inevitably lead to labor relations conflict in urban education.

This prediction is suggested by experience in the Ocean Hill-Brownsville school district of New York City and by recent research studies. A survey of teachers' attitudes towards decentralization suggests that on personnel policy issues teachers overwhelmingly prefer the teacher organization to be involved in the decision-making process. In most cases teachers favored system-wide negotiations on these issues. On decisions covering some educational policy topics there was substantial support for decentralizing to the local district (community) level. Most respondents, however, preferred to deal with the district superintendent rather than the community school board.[5]

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[4] Selig Perlman, *A Theory of the Labor Movement* (New York: The Macmillan Co., 1928).

A follow-up study of teacher attitudes towards decentralization has recently been completed. This more extensive survey involved a sample of some 1,500 teachers in an urban school system and the results tend to support our earlier findings. From a preliminary analysis of these data it is posible to highlight some of the labor relations problems of adjustment to community control.

An overwhelming proportion of teacher (80%) in the system studied would, if the system was decentralized, prefer salary and fringes, covering all teachers in the system, to be negotiated at the central level rather than at the local level. Central system-wide negotiations were also preferred, though not to the same degree, for bargaining on job security issues such as transfers among local community districts, hiring, dismissal and criteria for promotion.

It appears that most teachers would be more willing to negotiate issues concerning professional policy towards the instructional program at the local community level. For example, the proportion of respondents favoring central level negotiations was only 32% for class size, 41% for course content, 24% for textbook selection, and 20% for teacher aide selection. This tendency for more respondents to prefer negotiations on these issues at the local level probably reflects current dissatisfaction with the monolithic nature of the educational bureaucracy in urban school systems as much as it does enthusiastic support for community participation in professional policy issues.

The research findings indicate that the most difficult issues will relate to the community's demand for control over personnel and budget allocation within the decentralized district. Teacher organizations will reflect their members' resistance to decentralized decision-making on issues arising out of this type of community control.

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[5] See Michael H. Moskow and Kenneth McLennan, "Teacher Negotiations and School Decentralization" in Henry Levin (ed.) *Community Control of Schools,* Washington, D.C.: The Brookings Institution, 1970.

Teacher organization strategy most likely will be (1) to exert strong political pressure to prevent any decentralization plan giving this power to the local community and (2) to negotiate uniform personnel provisions among the local district in school systems where this authority is decentralized.

STRUCTURE OF NEGOTIATIONS

The structure of collective bargaining is largely influenced by the legal bargaining unit. In urban educational systems, bargaining units are system-wide and exclude nonteaching personnel and administrators. The rationale for this unit jurisdiction is that there is little community of interest between teachers and nonteaching personnel. It is, of course, possible to argue that smaller bargaining units based on geographic boundaries should be recognized. With centralized decision making and a history of citywide school jurisdiction, however, at present there is little likelihood of separate bargaining units based on geographic location within the city. Similarly, it is unlikely that separate bargaining units based on either level of school (elementary, secondary) or educational program (vocational, academic) would be established even though there is little community of interest and functional relationship among these groups of teachers.

The introduction of a decentralization plan will not affect the organization's legal responsibility to act as bargaining agent for all teachers in the city. Nevertheless, reorganization of the bargaining structure will become an administrative necessity. The extent and nature of the reorganization will depend on the new locus of personnel and educational policy decisions.

If salaries and working conditions as well as educational policy matters are decided at the local district level, the bargaining structure will tend to be decentralized. The leadership of the teachers' organization along with the teachers' representatives from each district will negotiate separate contracts with each district in the system. Under this type of decentralization plan, there is greater possibility that future bargaining units may be separated according to district demarcation. On the other hand, if only a limited number of decisions are delegated to the district boards, the structure of negotiations will remain fairly centralized with a single uniform contract covering all districts.

Most of the decentralization plans that have been proposed anticipate basic salary and working conditions decided at the central level with selected personnel and educational policy topics (such as selection of teachers, tenure, curriculum and textbook selection) decided at the local level. It is therefore likely that the bargaining structure will become somewhat more decentralized than at present. The structure may become analogous to the master agreement-local agreement used for industry-wide bargaining in private industry. It is of course possible that as the states increase their role in financing education in urban areas, state-wide bargaining may develop. If this occurs the master-local agreement may involve a state-wide master agreement and two levels of local agreements—the city and the local districts within the city.

BARGAINING POWER

Bargaining power, which is an essential element of collective bargaining, has been defined in terms of each party's cost of disagreement, as follows: A's bargaining power is equal to the ratio of B's cost of disagreement on A's terms to B's cost of agreement on A's terms.[6] Accordingly, anything that increases B's cost of disagreement or decreases B's cost of agreement causes A's bargaining power to increase. Although it is not possible to quantify these costs, the definition is helpful in analyzing the effect of decentralization on the relative bargaining power of the parties involved.

In public education bargaining, community interest groups participate on the fringe of the negotiations and make bargaining a multilateral process.[7] Decentralization is likely to make the negotiation process in education even more complex than has been the case up until now. Community representation on local boards will tend to encourage and institutionalize the role of local interest groups in influencing the outcome of negotiations.

The net effect of community group participation in bargaining power is difficult to predict. For example, interest groups which direct pressure on the mayor and city council to enlarge the total education portion of the city budget will increase the central board's ability to allocate more funds to the district level. As a result, other things being equal, the cost of teachers' demands relative to the total funds for education will decrease and the teachers' bargaining power will increase. On the other hand, the teacher organization will be faced with a trade-off for this increase in bargaining power. The allocation of the education budget among the districts will itself become the subject for multilateral bargaining with interest groups divided along geographic lines. Consequently, teacher leaders will inevitably be drawn into conflict between local groups of teachers. This is likely to increase factionalism within the teacher organization and leaders will have to be prepared to mediate among the factions.

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[6] Neil W. Chamberlain, *Collective Bargaining* (McGraw-Hill, 1951), pp. 220–221.

[7] For a detailed discussion of this concept see Kenneth McLennan and Michael H. Moskow, "Multilateral Bargaining in the Public Sector," IRRA *Proceedings*, Madison 1968, pp. 31–40.

Further changes in the teachers' bargaining power will depend on the actions of the district boards. If the district boards place pressure on the central board to avoid a strike, they will increase both the central board's cost of disagreement and the teachers' bargaining power. On the other hand, if the local boards do not express concern about a work stoppage, the central board will fear a strike less than it did before decentralization. The district boards provide a buffer for the pressure from citizens which ordinarily would be directed at the central board. Once a strike begins, the cost of continued disagreement for the central board will decrease if the district boards make other arrangements for manning the schools.

One feature of the multilateral character of bargaining in public education is that community interest groups sometimes take action independently of the district board in order to keep the schools open during a strike. This occurred during the 1967 New York City teachers strikes and was threatened in the 1968 Philadelphia teacher negotiations. In Philadelphia, a coalition of interest groups representing the black community made plans to operate seventy-six schools located in ghetto areas. This threat clearly reduces the teachers' organization's bargaining power by reducing the cost of disagreement to the central school board. Since community groups will be more influential under decentralization, this form of pressure on collective bargaining will become more common.

If bargaining over salary issues is decentralized with the central teachers' organization conducting separate negotiations with each district board, "whipsawing" will be encouraged. The teachers' organization probably would bargain first with the district it thinks will agree to the best settlement terms. This district may have a large number of young residents with children of school age or it may be the most politically active. The teachers would attempt to use the agreement reached in the "high salary" district as a starting point in bargaining with other districts.

The success of whipsawing as a bargaining tactic is based on the union's ability to strike one firm while its competitors continue operations. Competition in the product market places pressure on the struck firm to settle. Whipsawing will not be a particularly successful tactic in education, however, because there is no product market pressure among school districts. Nevertheless, the technique of concentrating on "high wage" districts may be successful in restricted geographic areas because of competition in the factor market. Mobility among school districts is quite high in part because most teachers are covered by state-wide pension systems. As a result, adjacent school districts have to be concerned with the relative wage rates in neighboring districts. By negotiating first with the high wage districts, teacher organizations are able to raise wages within the same "orbit of coercive comparison." In the short run, therefore, the teacher organizations' bargaining power would increase because it is familiar with these tactics. Eventually district school boards probably will coordinate their bargaining thus reducing the teachers' bargaining power.

TEACHER SUPPLY AND SALARY NEGOTIATIONS

Adjustment problems associatiated with the introduction of a decentralization plan are likely to result in a shift in the teacher supply schedule in all local districts. Any situation which creates stress and conflict among the faculty will shift the supply curve to the left and make it more difficult to hire teachers. Increased community participation in educational policy will, at least in the short-run, result in some conflict between teachers, the school board and the community. Some teachers avoid disputes over such issues as curriculum, qualifications required to teach black history, and qualifications for hiring school principals so that in the short-run the teacher supply curve will shift to the left. In general this is expected to occur for all local districts within the system though in some districts community support for the goals advocated by teachers may actually shift the curve to the right.

The supply of teachers in an urban school system is composed of various segments which conform to the teacher labor markets within the city. Geographic differences between the residential areas where teachers live and the location of schools is one reason for different supply curves in local school districts within the system. As previously indicated central cities are becoming increasingly black and recent population surveys suggest that an increasing number of city census tracts are becoming racially segregated. In addition, comparisons between the central city, the rest of the city, and the suburbs indicate that the incidence of crime, unemployment, households headed by women and poverty are not randomly distributed throughout the metropolitan area. Consequently, it has become difficult to attract teachers to schools located in areas with poor socio-economic environments.

Economic theory suggests wage differentials as a means of allocating teachers among local districts in a system. For example, assuming that one local district is located in the lower income central city containing a large ghetto while the other district is located in a middle-income residential area of the city. The teacher supply curves will be different in each district because the two districts differ in access to middle-income residential areas (where teachers are likely to live), in recorded crime rates and educational quality of entering students. If both districts require 400 certified teachers and the uniform system-wide wage rate is W, the ghetto district will be unable to hire enough certified teachers. In contrast, the nonghetto district will have more applicants (probably more than the 400 required) from which to choose the "most qualified." To attract the same number the ghetto district would have to pay more than W. At the going wage rate the ghetto district will be short of certified teachers and the central school system will have to "assign" more teachers to the ghetto district. It is, of course, possible that some teachers will not accept the assignment and take jobs in suburban districts or in some other type of employment. The ghetto district is faced with two possibilities. It must either raise its wage rate or adjust its entry standards by accepting teachers who have not met the certification requirements. If the central school board sets the uniform salary schedule the ghetto district must lower its entry standards.

The lack of salary differentials between the two districts will result in a lower quality of teachers on the average, in the ghetto district. This occurs because (1) teachers with least seniority will usually be "assigned" to the ghetto school and it is assumed that teaching ability increases with teaching experience, (2) certified teachers are superior to noncertified teachers, assuming that certification standards are valid criteria for entry into the profession, and (3) even if seniority and certification are neutral in their effect on quality of teaching (i.e., noncertified teachers are as good at teaching as certified teachers) the ghetto district has fewer teachers from which to select its 400 required teachers. Consequently, it will not have the advantage of applying any selection criteria.

Differential salaries among local districts (and perhaps within districts) has much merit since it provides for an efficient allocation of manpower within the entire school system. It is, of course, difficult to predict the size of the differential necessary to attract teachers to the ghetto area local district. Over one-third of the respondents who were surveyed indicated that salary differentials would not motivate them to teach in a ghetto school. When asked what differential would be necessary to get teachers to move voluntarily to a ghetto school most said that if a differential was going to be effective, it would have to be substantial (over 10 per cent). The relatively higher birth rates among residents of the central city and the socio-economic problems in ghetto areas are likely to increase the importance of the allocation of teachers as a topic in collective bargaining.

The existence of different teaching specialties and grade levels are two other dimensions of the segmentation of the metropolitan labor market for teachers. For example, there may be a shortage of qualified mathematics teachers and a surplus of social studies teachers. If the qualified mathematics teachers are paid a premium salary rate, this will attract more mathematicians from private industry and encourage more college students to take training in mathematics. Contrary to what many people in public education would expect, the research results showed that teachers favored by a two to one margin differential salary schedules which take account of the supply of teachers by specialty.

The segmentation of teacher supply by grade level is extremely important when discussing the allocation of teachers to ghetto and nonghetto districts. It is likely that at the going wage rate the supply of teachers to the ghetto district for the lower grades is adequate to meet the demand while the supply of teachers to the higher grades is deficient. As the age composition of the population changes, the shortage of teachers has gradually eased, especially at the lower grade levels. This may eventually contribute to pressure from secondary school teachers for a differential salary schedule based on grade level.

Under most decentralization plans it is unlikely that local districts will be responsible for negotiating basic salary schedules. As already indicated, teachers overwhelmingly favor basic salaries determined at the central level. It is also obvious that leaders in teacher organizations will strongly resist any attempt to have this issue negotiated by district boards. Nevertheless, it is possible that some degree of salary flexibility (as opposed to adjustments in entry requirements) will emerge if the faster agreement-local agreement model for bargaining is established. One possibility would be for the master agreement to set the basic salary level and permit local districts to negotiate differentials above this basic level. It is more likely, however, that interdistrict differentials can be achieved through the master-local agreement method by having "extra pay" features, such as longer preparation periods, smaller class size, or greater opportunities to teach summer school or to tutor students, included in the local negotiations. Regardless of the method used, the introduction of differentials is preferable to adjusting the entry requirements.[8] Changes in conditions of entry into an occupation has little effect on production when unskilled or semi-skilled occupations are involved. Since education requires a highly skilled labor force, the use of less skilled workers is likely to have an impact on production. The quality of the output would presumably be affected if a significant proportion of a school's teaching staff did not meet the entry requirements.

IMPLICATIONS FOR FUTURE BARGAINING

This paper has attempted to identify some of the impacts of school decentralization on collective bargaining in urban education. In terms of future bargaining, it seems clear that, in the short run, decentralization will increase the level of conflict and significantly change the type of conflict that occurs. This results from the fact that the scope of bargaining is likely to include topics other than salaries and working conditions. Many of these topics will not be included in written collective bargaining agreements. Nevertheless, support of the teacher organization will be required on major policy issues because of the overlap between working conditions and educational policy and because of the position of the teacher organization as exclusive representative.

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[8] In some instances it may not be desirable for a local school board to raise the wage rate to secure more employees. This would be the case in a "tight" labor market where competing local school districts immediately match the increase. In this situation it is probably advisable to achieve the salary differential by the more indirect method. For a discussion of this point see, Melvin W. Reder, "The Theory of Occupational Wage Differentials," *American Economic Review,* 1955, 44, 833.

The involvement of local community boards in teacher negotiations, either indirectly through central system-wide bargaining or directly in determining the local terms of the contract, is likely to lead to a reexamination of the traditional types of clauses commonly found in teacher agreements. It is predicted, for example, that local community boards will differ in their view of the appropriate salary schedule required in their own districts. This divergence of opinion, resulting from decentralization, is likely to lead to a reappraisal of the current single salary schedule in urban school systems. Current collective bargaining policy towards such issues as the role of teacher aides, selection of principals, transfer of faculty and the qualifications to teach particular courses will also be reconsidered with much more urgency under decentralization.

Many local unions outside of education in urban areas are likely to become involved in teacher disputes under decentralization. This is because decentralization will result in some redistribution of economic and political power. Whether city labor organizations support the teachers or the community board on particular issues will depend on how these topics affect each union's members. For example, it is expected that unions in the construction industry will be apprehensive about decentralization of schools because they may lose employment opportunities on school construction projects.[9] In contrast, unions which enroll a high proportion of members living in a central city school district may favor decentralization because they believe that it will improve the quality of education. As a result conflict among labor unions including teacher organizations will increase as a result of the pressures for and implementation of a decentralization plan.

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[9] Some decentralization plans anticipate giving the local board control over "site selection, design and maintenance." Construction unions are likely to be concerned about this type of plan. For a case study outlining the delegation of this authority under the Morgan Community Plan, Washington, D.C., see, Note, "School Decentralization: Legal Paths to Local Control," *The Georgetown Law Journal,* Vol. 57, No. 5, May 1969, pp. 992–1056.

TEACHER BARGAINING, RESOURCE ALLOCATION AND REPRESENTATIVE RULE

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One of the primary purposes of collective negotiations, as I understand that process, is to prevail upon the employer to do things differently than he would have done had he continued to enjoy unilateral authority. When one looks at the amount of negotiating activity going on in the schools these days, one cannot help but conclude that teachers believe this process works. This belief is not without substance. School officials *are* making decisions that they would not have made in the absence of bargaining.

Thus in a great many school districts political democracy is to some degree being supplanted by industrial democracy. The central question raised by this shift in power arrangements is whether it will help or hinder the public schools in carrying out their primary function of educating children. Or does it make any difference who is running the show?

Before there can be any attempt to answer this question we must have some idea as to what kinds of expenditures make sense educationally. Concurrently, we must know something about the characteristics of the educational work force. Otherwise we will not know what kind of expenditures and what manpower policies are most consistent with judicious resource allocation.

THE QUANTITY AND QUALITY OF EDUCATIONAL EXPENDITURES

I shall assume in this paper that the main objective of the schools is the development of skills and the fostering of knowledge—in short, intellectual training. I shall further assume that such skills and knowledge can be adequately measured on standardized achievement tests. The chore then is to compare the results of these tests in a variety of settings with variations in expenditures for particular services and commodities.

Now, I would not like to give the impression that this sort of educational cost-benefit analysis is an advanced science. Indeed, such analysis is in a rather primitive state. It is difficult to get all the relevant data, almost impossible to control for all the variables, and no one is at all certain just what sort of inputs and outputs should be looked at in the first place. On this latter point it is well to keep in mind that for a great many students measurable intellectual achievement may not even be the most socially desirable result. As Christopher Jencks has observed, "the best index of a school's success or failure may not be reading scores but the number of rocks thrown through its windows in an average month."[1]

But however imprecise the findings of cost-benefit analysis may be, they nevertheless provide us with some valuable clues as to where resources ought to be put. What the data seem to show first of all, is that schooling has far less influence on academic achievement than family background. But the data also show that certain school characteristics do seem to be related to student achievement while others are not.

First, in summary fashion, those school characteristics, some of which can be affected by a negotiated settlement, that seems to be related to higher student achievement:[2]

1. A longer school year
2. More library books and laboratory equipment
3. More teachers with earned Master's degrees
4. Higher starting salaries for teachers
5. Higher expenditures per student

Those school characteristics that appear to have no influence or a negative influence on student achievement.

1. Higher average salaries for teachers
2. More years of experience for teachers

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[1] Christopher Jencks, "A Reappraisal of the Most Controversial Document of Our Time," *New York Times Magazine* (August 10, 1969), p. 43.

[2] The evidence presented here draws heavily, but by no means exclusively, on the findings uncovered by Project Talent, a study conducted by the American Institute of Research. The data from this study are presently being analyzed by Lewis J. Perl at Cornell. The Perl findings will be incorporated in a forthcoming Ph.D. dissertation: "Production and Distribution of Educational Services in the United States" (working title), Berkeley: University of California, Department of Economics, 1970(?). In addition to the Perl findings see also James S. Coleman *et al., Equality of Educational Opportunity* (Washington: U.S. Office of Education, 1966), p. 22; William B. Firman, "The Relationship of Cost to Quality Education," (Albany: University of the State of New York, the State Education Department, 1963) mimeo., p. 19; Jesse Burkhead, *Input and Output in Large-City High Schools* (Syracuse: Syracuse University Press, 1967) 110 pp.; Herbert J. Kiesling, *High School Size and Cost Factors* (Washington: U.S. Department of Health, Education and Welfare, 1968) 132 pp.

CHARACTERISTICS OF THE EDUCATIONAL WORK FORCE

To go over some rather familiar ground, public school teaching is an occupation dominated by women and plagued by critical shortages in some areas and embarrassing surpluses in others.

The Sex Ratio and Its Implications

In the school year 1968–69 the sex ratio was approximately 68 percent female—32 percent male. The rapid influx of males which began in the 1950's seems to have reached a plateau in 1964. Since that time there has been a very modest increase in the number of men teachers.

Men are concentrated at the secondary level (about 78 percent teach there), and women in the lower elementary grades. Almost 100 percent of teachers, K-3, are female.[3]

The significance of this male-female ratio is as follows.

1. Less than 10 percent of women teachers bear total financial responsibility for themselves and at least one other person. Sixty-six percent are married and living with their spouses, 23 percent are single, and 4 percent are formerly married though childless. Eighty percent of male teachers on the other hand are married and of this number 83 percent have one or more children.[4]
2. For women teachers the amount of a starting salary or the promise of long-range benefits are not the most important inducements for taking a position in a particular school district.[5]
3. Salary scales have little influence on female mobility. Of all women teachers who moved to different districts in the fall of 1968 only 12 percent gave salary improvement as the reason for changing jobs. The corresponding figure for men is 40 percent.[6]

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[3] *Teacher Supply and Demand in Public Schools, 1968* (Washington: National Education Association, 1969), p. 15.

[4] *The American Public School Teacher, 1965–1966* (Washington: National Education Association, 1967), p. 39.

[5] "Teacher Recruitment and Retention," *Illinois Education*, Vol. 57 (January 1969), p. 192.

[6] "Teacher Mobility and Loss," *NEA Research Bulletin*, Vol. 46 (December 1968), pp. 118–126.

4. As for the relationship between salary levels and retention in the profession—6.5 percent of women leaving the profession between 1959 and 1965 left because of inadequate salaries while 78 percent of the men who left quit for that reason. The two most important reasons for female departure were marriage and maternity. Seventy-seven percent of the women who quit teaching left for these two reasons alone.[7]
5. For teachers hired since the 1950's the tenure of females seems to have been considerably shorter than that of men.[8]

Supply and Demand

Over the last two or three years the shortage of teachers *qua* teachers has eased somewhat. We seem now to be close to balance between the supply and demand for English and elementary teachers, for example. But at the same time there is a growing problem of supply for some teaching specialties. While only eight states reported surpluses in some subject areas and shortages in others in 1966, 32 states complained of this problem in 1969.[9]

This imbalance can best be illustrated by looking at the two extremes of surplus and shortage in academic subjects in secondary schools—social studies and mathematics. In the spring of 1968 there were 7,000 potential applicants to fill 10,700 vacancies in mathematics and 16,000 applicants for 10,000 jobs in social studies.[10] One reason for this imbalance may have been that in 1968 the average job offer received by bachelor candidates in mathematics and science for non-teaching positions was $3,300 above the average starting salary for teachers. Bachelor candidates in social sciences and the humanities received offers averaging slightly less than $2,000 higher than the average teacher's starting salary.[11] Given this disparity it is not surprising that only 69 percent of mathematics majors certificated to teach went to work in the schools in the fall of 1968.[12]

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[7] Samuel D. Avin, "Why Many Leave the Profession of Teaching," *Education*, Vol. 89 (November-December, 1968), pp. 147–148.

[8] *The American Public School Teacher*, 1965–1966, p. 74.

[9] "Supply of Public School Teachers," *NEA Research Bulletin*, Vol. 47 (October 1969), pp. 90–93.

[10] *Teacher Supply and Demand in Public Schools, 1968*, p. 47.

[11] The College Placement Council, *Salary Survey* (Bethlehem, Pa.: College Placement Council, June 1969), p. 4; "Trends in Salary Schedules for Teachers," *NEA Research Bulletin*, Vol. 46 (March 1969), p. 23.

[12] *Teacher Supply and Demand, 1968*, p. 21.

IMPLICATIONS OF TEACHER NEGOTIATIONS FOR EDUCATIONAL EXPENDITURES AND MANPOWER POLICIES

In considering the impact collective negotiations may be having on educational expenditures and manpower policies I shall deal first with those recent changes in expenditures and policies that appear to be a consequence of negotiations and also, according to the criteria listed earlier, engendered positive results. First, negotiations apparently do cause more funds to be spent on the schools, and that is probably a blessing, regardless of how these monies are allocated. Secondly, to the extent that negotiated settlements encourage teachers to earn master's degrees by establishing salary differentials between the earned degree and an equivalent amount of graduate credits, there should be some benefits rubbing off on students. Thirdly, it is probably safe to say that negotiations have had a considerable impact on raising the starting salaries of teachers, and, as we have seen, there appears to be a relationship between beginning salaries and student achievement.

There are other "products" of the negotiation process, which do not readily lend themselves to statistical analysis, that seem to have had a positive effect on student achievement. Such items as the increased use of paraprofessionals and regularized forums allowing for teachers to voice their views on educational matters immediately come to mind. It may also be that to the extent teacher organizations have been able to achieve smaller class size their actions have contributed to student achievement. The evidence on this point is rather mixed, however. It is probably not true that uniformly small classes, regardless of the skills of the teacher, the subject matter being studied, or the abilities of the students will reap similar benefits.

Thus the collective actions of teachers have in many instances contributed to student achievement. And even though much of the rhetoric one hears from AFT and NEA functionaries is blatantly self-serving (the slogan "Teachers only want what children need" reminds me a little of the thief who argued before the judge that the only reason he stole that money belt was that he wanted to improve the victim's posture), there is something to be said for the proposition that where there are good conditions of work there will also be good conditions of learning.

One of those conditions of work that helps determine whether teachers will be satisfied in their jobs is how much money they make presently and how much they can expect to make in the future. Teachers' salaries are by far the largest single item in any school budget; and it is the method by which individual salaries are determined, i.e., the salary schedule, that I would now like to direct my attention.

The manner in which teachers are paid is determined by the unified salary schedule, a practice which has been standard in virtually all school districts since the 1930's. The unified salary schedule is not a product of collective negotiations. The most salient features of the unified schedule are as follows: an identical schedule for all teachers in the school system, elementary and secondary, physical education and biology, men and women. Salary differentials are based solely on experience and graduate credits. In most systems teachers reach the maximum salary in 14 to 18 years, although several systems provide additional longevity increments.

If teacher organizations did not invent this system, why did I deal with it in this context? The reason is, as I hope the evidence I have presented makes clear, that the unified salary schedule is not a very efficient method of teacher compensation. The educational work force is extremely variegated, and the problem with the unified salary schedule is that it does not accommodate to this kind of heterogeneity. Surely the intellectual equipment, the training needs, the career patterns of early elementary teachers differ from those of high school mathematics and science teachers. The present method of compensation assumes no such difference exists, even though the figures I have cited on the marginal economic motivation of the former and the scarcity of the latter suggest that we may be paying higher salaries to one group than is necessary, thereby making it extremely difficult to pay enough to the other.

A partial remedy for this problem would be to establish more flexible salary arrangements.

First, at the risk of being hauled before the Equal Employment Opportunity Commission for advocating sex discrimination, I would propose that it would make a great deal more sense to construct salary schedules that provide somewhat less compensation for early elementary grade teachers than for the majority of teaching positions. Early grade teachers are nearly all women, and the evidence tells us that women march to a different drummer. The conventional inducements and deterrents associated with manpower policies seem to have only a marginal effect on their bahavior. Even if less compensation meant that academic requirements would have to be lowered for teachers in this category, I am persuaded that the quality of instruction would not suffer. And if individual investments in training were less, it is possible that the supply would actually be increased.

Secondly, salary schedules could be revised in a fashion that would allow for differentials for those teaching positions that are so difficult to fill and also require rather lengthy and rigorous training. It is not likely that the salary of chemistry or math or physics teachers would ever compare favorably with chemists, mathematicians or physicists in the private sector, but the present differential in salary might be reduced enough to woo more of those contemplating private employment into the schools.

It is not very likely, however, that teacher organization leaders would agree that this kind of flexibility is desirable. The internal politics of employee organizations and the dynamics of collective negotiations tends toward egalitarianism. The concept of equal pay for equal work has become as firm a principle in the thinking of NEA and AFT leaders (and most members) as it has always been for trade unionists in the private sector. Teacher spokesmen would probably find it quite impolitic to agree that there ought to be different standards (and salary levels) for teaching, say, the first grade as against teaching in the high school, or that because some teachers possess skills for which there is a high demand, they ought to be paid more than other teachers whose skills, though of comparable importance, are less in demand. To acquiesce to these or similar management proposals would almost certainly invite divisiveness within the ranks and ultimately weaken the bargaining position of the employee organization.

CONCLUSION

This review of educational cost-benefit analysis and its relations to the utilization of the educational work force gives some indication as to the direction public policy ought to be moving. Unfortunately, it does not tell us enough. There are still some fascinating questions that have yet to be asked, let alone answered. What, for example, might the educational pay-off be if more funds were allocated for research and development? What kind of administration best serves the improvement of student performance? One cannot read the studies on educational cost-benefit analysis without gaining the strong impression that good (and probably expensive) administration is a critical factor in scholastic achievement. It might even be possible to make a case that at least for some schools the best expenditure that could be made to improve educational achievement would be to give every student a hot breakfast before he started his morning classes. We do not know whether any of these expenditures would pay off educationally, and we will not know until we try.

What we can be reasonably sure of, should these issues ever come to the bargaining table, is that teacher organizations are not likely to bargain hard for these types of allocations. Nor can we expect that teacher unions or associations will put such matters as a longer school year or more library books high on their list of demands.

But then neither can we expect that school officials will somehow begin to push vigorously for really significant changes in resource allocations and manpower policies. Unlike a private sector enterprise, which can go bankrupt if it allocates resources unwisely or fails to change a costly and inefficient manpower policy, the actual survival of a school is rarely in jeopardy. The public has no real alternative but to continue to send their children to public schools and support them with their taxes. School will keep, no matter how badly it is run.

It is instructive, as far as the unified salary system is concerned, that school officials had considerable opportunity to introduce more flexible salary arrangements before the advent of bargaining and chose not to do so. It is too much to expect, I think, that they should feel any urgency about the problem now in light of the strong possibility that any gesture toward greater flexibility could so easily be construed as a mere union-busting technique.

I asked at the beginning of this paper whether it made any difference if school officials retained unilateral control over the decision making process or shared this authority with teachers. My own conclusions are rather mixed on this point. Several modifications in resource allocations and manpower policies that have come about through bargaining seem to me to make good educational sense. On the other hand I think it is possible that some needed reforms and some experimentation will be frustrated and delayed because of the pressure of teacher groups to maitain the *status quo*. Reformers and experimenters don't bargain collectively. Because they fail to distinguish between the casual and the committed teacher, between surpluses and shortages, collectively negotiated manpower policies may freeze into the system, perhaps more solidly than ever before, many of the antiquated personnel practices we ought to be trying to get rid of. And so long as those presently responsible for the conduct of educational affairs are undisturbed by this drift of events, I fear it will be some time before we have manpower policies and systems of resource allocation that are most conducive to helping the schools carry out their mission, however that mission might be defined.

X

THE MANPOWER DIMENSIONS OF ECONOMIC GROWTH

Session Held Jointly with the
American Economic Association

George O. Seltzer, Chairman

INTERNATIONAL MIGRATION OF TALENT AND THE FOREIGN STUDENT*

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The international migration of talent is a subject on which opposing views have been strongly expressed and about which important decisions are made by governments and others on the basis of little useful analysis relevant to the elusive facts. Turkey's Deputy Ambassador to the United Nations states:

> In the General Assembly of the United Nations, the lesser-developed countries have accused the West of transferring its exploitive urges from physical to human resources. The representative of Dahomey has called it an 'odious bleeding' of Africa, a continuation of slave trade. The Assembly has passed a resolution conceding the seriousness of the problem and expressing grave concern.[1]

In contrast, we have the view of Prof. Harry Johnson whose discussion of a Grubel and Scott paper [2] includes this comment:

> Grubel and Scott attack, quite correctly in my view, the emotive nationalist nonsense that motivates current concerns about brain drain.[3]

In concluding his chapter in the recent multi-author volume *The Brain Drain,* Professor Johnson states:

> . . . in the broad perspective of world economic development, 'brain drain' is a trivial factor in the problem of developing the under-developed regions of the world; and doing something about 'brain drain' is far less important than increasing the flow of development assistance and the efficiency with which it is applied in development programs. . . .[4]

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* I am indebted to Nadia El-Sheikh and Mary Ann Shearer for their assistance and to my colleagues Profs. Richard Leftwich and Rudolph Trenton for their helpful comments.

[1] Nuri Eren, "Supply, Demand and the Brain Drain," *Saturday Review,* August 2, 1969, p. 10.

[2] Herbert B. Grubel and Anthony D. Scott, "The International Flow of Human Capital," *American Economic Review,* Vol. LVI, No. 2 (May 1966), pp. 268–274.

[3] Harry G. Johnson, "Discussion," *op. cit.,* p. 282.

[4] Harry G. Johnson, "An 'Internationalist' Model," Ch. 5 in Walter Adams (ed.), *The Brain Drain* (New York: Macmillan, 1968), p. 91.

In announcing hearings on the "brain drain," Representative Henry S. Reuss of Wisconsin presented a sharply contrasting view:

> According to a staff study prepared for the subcommittee,[5] about half of all foreign scientists, engineers, and physicians immigrating to the United States are now coming in from the poorer countries.
>
> The brain drain is both a loss of substantial investment by the developing countries in the education and training of scientific professionals and of needed leadership in their universities, professions, industries, and governmental institutions. It may be working at cross purposes with the U. S. foreign aid program, because an essential part of that program is the building of a manpower base which will sustain the drive for development.[6]

In this paper I shall not attempt to summarize the burgeoning body of knowledge and opinion on the subject.[7] My best contribution concerns one major aspect of the international migration of talent—the relevance of U.S. training of graduate students from underdeveloped countries for home-country needs.

My "nationalist" approach conflicts with Professor Johnson's so-called "internationalist" approach which would have us ignore the "brain drain," even from underdeveloped countries, as being simply a manifestation of the "mental vices" of nationalism. Because I have commented elsewhere on the "internationalist" approach as presented by Professor Grubel,[8] my further observations will be limited to what I consider the main justification for a nationalist approach, especially with respect to underdeveloped countries, which are usually those least able to adjust to the exigencies of the "brain drain."

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[5] U.S. House of Representatives, 90th Congress, First Session, *The Brain Drain into the United States of Scientists, Engineers, and Physicians,* a staff study for the Research and Technical Programs Subcommittee of the Committee on Government Operations (Washington: U.S. Government Printing Office, 1967).

[6] U.S. House of Representatives, Research and Technical Programs Subcommittee, Committee on Government Operations, "House Research Subcommittee to Hold Hearing on Scientific Brain Drain From Developing Countries to United States," (News Release, January 11, 1968), pp. 1–2.

The hearing results are reported in: U.S. House of Representatives, 90th Congress, Second session, *The Brain Drain of Scientists, Engineers, and Physicians from the Developing Countries into the United States,* a hearing on January 23, 1968, before the Research and Technical Programs Subcommittee, Committee on Government Operations (Washington: U.S. Government Printing Office, 1968).

[7] For example, the results of a major world-wide study by Education and World Affairs on "The International Migration of Talent" will be available soon.

[8] See my "In Defense of Traditional Views of the 'Brain Drain' Problem," *International Educational and Cultural Exchange,* Fall 1966, pp. 17–25, which examines the arguments and conclusions in Herbert G. Grubel, "Nonreturning Foreign Students and the Cost of Student Exchange," *International Educational and Cultural Exchange,* Spring 1966, pp. 20–29.

Whether we like it or not, nationalism is a major reality which is likely to continue to be immensely important in the world, and "nation building" is generally considered an indispensable prerequisite to development.[9] The fact that we may want and even work diligently for a more internationalist world does not absolve us from our responsibilities also to concern ourselves as economists with the very imperfect real world.

For many scholars, leaders and for perhaps two billion other persons, one of the compelling world "imperfections" is the wide and increasing gap in per capita income between the rich nations and the poor nations. My direct experience with problems of human resources in the development of many Latin American countries conforms with the following statement by Prof. Kenneth Boulding:

> Returning now to the problem of human capital and the 'brain drain,' it is clear that from the point of view of economic development this is much more important than physical capital. Physical capital indeed is merely human knowledge imposed on the physical world. . . . It is clear, then, that the distribution of human capital may be a much more important factor in determining rates of economic development than the distribution or even redistribution of physical capital.[10]

It is generally acknowledged that the United States is both the world's strongest magnet for high-level human resources from other countries and the world's foremost educator of foreign students. Some orders of magnitude may help focus our thinking on the foreign student situation. The latest figures from the U.S. Immigration and Naturalization Service show that "in fiscal year 1968, 48,753 immigrants reported their occupations in professional and related fields. This was a 17 percent increase over 1967 and represented 10.7 percent of the total immigration of 454,448." [11] For the sake of comparison, the latest published figures (for 1968–69) from the annual censuses of the Institute of International Education (IIE) enumerated 121,362 foreign students regularly enrolled in U.S. colleges and universities.[12] This number increased almost exactly 10 percent over each of the previous two years.[13]

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[9] See, for example, Don Patinkin, "A 'Nationalist' Model," Ch. 6 in Adams, *op. cit.*, pp. 92–108.

[10] Kenneth E. Boulding, "The 'National' Importance of Human Capital," Ch. 7 in Adams, *op. cit.*, pp. 112–113.

[11] U.S. Department of Justice, Immigration and Naturalization Service, *Annual Indicator of the In-Migration into the United States of Aliens in Professional and Related Occupations* (Washington: U.S. Government Printing Office, June 1969), p. I.

The most recent data, then, show our 1968 foreign student population to be approximately two and one half times greater than the 1968 "brain drain" as measured by this important category of immigrants which is often used as an approximation for "high-level human resources."

Approximately three fourths of all our foreign students come from underdeveloped countries. Of the 28 countries, each with more than 1,000 students, 21 are generally considered in this category. Approximately 19 percent of all foreign students come from Latin America, which has had the second highest proportion (behind the Far East) of any geographic area for the past 14 years.[14]

As the leading educator of foreign students from underdeveloped countries, we should clarify our thinking in the U.S. as to the major purposes of our making available scarce places in our colleges and universities to foreign students and, indeed, often facilitating and subsidizing their visits. I suggest three possible purposes:

A. Aid others: to enrich the poor countries through meaningful contributions to the development of their key human resources;

B. Benefit ourselves: to enrich still further history's richest country by using, whether by design or default, the foreign student operations to recruit, train and keep some of the best talent available in the underdeveloped world; and

C. Cultivate culture: to enrich our university and national life through the varied contacts with other cultures thus made possible.

These are not, of course, mutually exclusive purposes nor should they be. Purpose C can be served concurrently with either A or B.

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[12] *Open Doors, 1969* (New York: Institute of International Education, September 1969), Table 1, p. 22.

[13] The 1967–68 figure is 110,315. *Open Doors, 1968* (New York: Institute of International Education, July 1968), Table 1, p. 14. The figure for 1966–67, the first comparable year, is 100,262. *Open Doors, 1967* (New York: Institute of International Education, July 1967), Table 1, p. 14.

[14] *Open Doors, 1969, op. cit.*, p. 7.

We should not attempt an "either-or" choice between A and B. As a society which esteems individual liberty, it would be a disservice to ourselves as well as to individual students to "militarize" our foreign student programs. There should always be ample opportunity for the exceptionally talented individuals, regardless of nationality, to pursue knowledge and careers wherever they consider most appropriate. Indeed, they should be encouraged in this, and we should be happy that they so often choose the United States. However, with respect to the vast majority of foreign students, I submit that we should emphasize purpose A (Aid others) as a concomitant of our often stated purpose of offering a bit of our tremendous strength to the awesome task of development confronting most of the world.

One of the most difficult subjects central to the international migration of talent involves the magnitude, causes and implications for all concerned, of the nonreturn of foreign students. Among the widely varying estimates of the extent to which foreign training contributes to the "brain drain" the best measures of which I am aware were made recently by Prof. Robert Myers. Based on detailed analyses of data from the IIE, he estimates the overall nonreturn rate as between 15 and 25 percent rather than the semi-official 8 to 10 percent which is frequently stated.[15]

The "brain drain" aspects of the international migration of talent, whether or not related to foreign training, result from the decisions of the migrants and often reflect an oversupply of certain kinds of professionals relative to attractive opportunities at home. On the other hand, the foreign student mechanisms, as such, usually involve decisions by sponsors and/or by administrative agencies, such as visa granting authorities, which can be made to reflect home-country needs and opportunities.

My observations over more than a decade of involvement in Latin American manpower affairs convince me that foreign student operations can offer invaluable opportunities to individuals and to host and home countries to strengthen the human resources bases of the latter and, thereby, their prospects for development, especially through the contributions of foreign trained professionals to institution building and to nation building. For example, I have personal knowledge of major improvements in Colombia's largest university, the National University, as a direct result of the efforts of a relatively few faculty members who had recently returned from advanced studies in the United States. Among their many innovations were the initiation of a central university library as an alternative to thin and scattered collections in each of the largely isolated faculties (or colleges), and the stimulation to excellence of a few faculties which emphasized quality teaching and research related to pressing national needs. It was quite clear in this and in many other situations in which I have worked that foreign-trained young professionals can vastly improve important institutions, academic and other, as a direct result of what they learn abroad. On the other hand, I know of many instances of serious frustration and waste of talent and training among returned foreign students.

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[15] Robert G. Myers, *Study Aboard and the Migration of Human Resources*, (unpublished Ph.D. dissertation, University of Chicago, Department of Education, September 1967), p. 248.

The key to success is the *relevance* both of selection of students and of the U.S. university programs they pursue in order to increase the likelihood that their training will be appropriate to home-country needs and opportunities. A student who pursues studies abroad which are vital to his country and for which attractive opportunities exist at home, who finds an appropriate overseas university program, and who pursues relevant knowledge within it, is most likely to return home. This is especially true if he knows in advance that his satisfactory completion of appropriate overseas studies will provide him specific opportunities not otherwise available. Such a happy combination of circumstances is, however, not characteristic of the training even of most sponsored Latin American students in the United States. My field investigations with decision makers in public and private agencies and in universities, here and abroad, persuade me that selections often have little if any relevance to domestic needs. In many instances, students are selected by sponsor groups on the basis of their families' influence with home-country decision makers rather than on more objective criteria. Even where there are objective criteria and conscientious efforts by these decision makers, rational use of the system is often impeded by their lack of knowledge of specific U. S. university programs and how they relate to home-country needs.

I shall approach the relevance question through a brief discussion of some of my tabulations of IIE census data on Latin American

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graduate students in the U.S.[16] These tabulations make it possible to identify patterns and trends with respect to home country, field of specialization, sponsorship, level and location of studies, etc., and may provide guidance for future meaningful research here and abroad. Graduate training is almost nonexistent in Latin America in any field. Accordingly, if a Latin American is to pursue education beyond the often inadequate level of university training available in his country, he usually must go abroad.

As a first approach to gauging how the patterns and trends of training in the U.S. relate to development needs, I have devised two parallel indexes, based on particular fields of specialization in graduate studies, which I term the "technical" index and the "structural" index. The composition of the "technical" index reflects the conclusions of Professors Harbison and Myers that perhaps the highest priorities for human resources development for countries at the levels of development of most Latin American nations should be given to improving the quantity and quality of training especially in the fields of science, engineering, agriculture, and education.[17]

The composition of the "structural" index, on the other hand, reflects the conclusions of experts such as Raúl Prebisch of the United Nations that the "technical" specialties will be unable to make major contributions to the general welfare in most Latin American countries until those countries undergo basic structural changes.[18]

Each index incorporates all of the 94 fields of specialization identified by the IIE, weighted according to their apparent relevance to that particular index. Whereas the "technical" index gives greatest weight to agriculture, engineering, physical sciences and education, the "structural" index gives greatest weight to the specialties most concerned with the structure of society, such as the social sciences and most of the humanities, and which presumably increase the competence of these students as potential agents for structural change in the often moribund economic, social, political, and administrative structures which seriously impede progress in Latin America.

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[16] This work has been supported mainly by a grant from the Carnegie Corporation of New York through the Comparative Education Center, University of Chicago, and by the Research Foundation, Oklahoma State University.

[17] Frederick Harbison and Charles A. Myers, *Education, Manpower and Economic Growth* (New York: McGraw-Hill, 1964). See especially Chs. 5 and 6.

[18] For a vigorous presentation of the Prebisch view, see United Nations, Economics and Social Council, Economic Commission for Latin America, *Towards a Dynamic Development Policy for Latin America* (E/CN.12/680, 14 April 1963), (Santiago, Chile, 1963), especially pp. 4–5.

Because I present elsewhere [19] the detailed composition of these two indexes and the first tabulations and interpretations related to them, I shall confine my comments here to an overview of some of the main findings which include the results of subsequent tabulations of more recent IIE data.[20] I shall further limit my comments to the seven Latin American countries which have consistently been the major senders of graduate students to the U. S.: Mexico, Brazil, Colombia, Argentina, Venezuela, Chile and Peru. The IIE census for 1967–68 enumerated 3,284 graduate students from these seven countries. This was an 81 percent increase over 1963–64, the first year for which comparable data are available.

Of these seven major countries, Venezuela has usually had the highest concentration of graduate students in the "technical" specialties with Peru and Colombia close behind, while Argentina has consistently had the lowest such concentration. Although the ranking of these countries with respect to concentrations in the "structural" specialities varied greatly from year to year, Argentina has recently (1965–66) assumed first place while Mexico and Peru have generally been last.

For each country we have calculated the emphasis given to "technical" and to "structural" specialties by each of the five sponsor groups identified by the IIE [21] and ranked the sponsors accordingly. With respect to the two types of sponsors whose actions should be most responsive to public policies and national goals—"U.S government" and "foreign (home) government"—we find sharp contrasts. Generally, the home governments support to a relatively much greater extent than does the U.S. government the "technical" specialties for their graduate students in the U.S. With respect to the "structural" specialties the situation is almost reversed with the U.S. government giving them relatively much greater emphasis than do the home governments.

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[19] See my "Intra- and International Movements of High-Level Human Resources," in James Heaphey (ed.), *Spatial Dimensions of Development Administration* (Durham, N.C.: Duke University Press, forthcoming). The IIE data years covered here are 1955–56 through 1963–64.

[20] These more recent data cover the years 1964–65, 1965–66, and 1967–68. Thus far, data are unavailable for Brazil and Chile for 1967–68 and for all Latin American countries for 1966–67.

[21] The five IIE sponsor groups are: U.S. government, foreign (home) government, U.S. college or university, private organization, and self-sponsored.

The tabulations also allow us to identify the extent to which U.S. graduate training has been used to help satisfy urgent manpower needs in any Latin American country by comparing identified needs with the particular specialties of that nation's students. For example, a study by Professor Morris Horowitz revealed that Argentina's most significant scarcities of high-level human resources were for veterinarians and agronomists.[22] My tabulations show that of 499 Argentine graduate student "entrants" to the U.S. from 1955 through 1962, none was in veterinary medicine and that since that time there was only one year (1964–65), for which I have data, in which as many as two (of a total of 260) were enrolled.[23] The numbers of Argentine agronomists trained here, although somewhat greater than the numbers of veterinarians, also do not reflect any significant use of U.S. graduate training to satisfy these specific needs.

The last tabulations which I shall summarize concern two specialties of particular interest to this audience: economics and industrial and labor relations. In contrast to economics, industrial and labor relations is a new field which only recently has been recognized, at least in Latin America, as quite relevant to the problems of development. Although economists abound, university trained specialists in industrial and labor relations in most Latin American countries can be counted on one hand, and invariably they have been trained in the United States.

Economics has been a popular specialty represented in the three most recent years of my data by respectively 8.6%, 9.8% and 10.6% of all graduate students from the seven major sender countries. In the last of these years (1965–66) there were more students in economics than in all the agricultural specialties combined (8.5%).

In the case of industrial and labor relations we find only 16 entrants among the 3,791 total graduate school entrants from 1955 through 1962. The three subsequent censuses enumerated totals of respectively 4, 2 and 1 enrollees. Venezuela and Chile sent the largest numbers. Cornell University enrolled slightly more than half of the total. These are modest numbers, but at least in one instance a small group of U.S. trained specialists has contributed substantially to the building of a major organization which is serving well important needs in one country. The Department of Industrial Relations of the University of Chile, of which I have recent personal knowledge, was nurtured by Cornell's School of Industrial and Labor Relations largely through its graduate training of Chileans for leadership positions. These men and their colleagues are now conducting training and research activities at a high professional level. Their organization is filling important national needs which could not have been met so quickly or so well, if at all, without U.S. graduate training.

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[22] Morris A. Horowitz, "High-Level Manpower in the Economic Development of Argentina," Ch. 1 in Frederick Harbison and Charles A. Myers, *Manpower and Education* (New York: McGraw-Hill, 1965), p. 35.

[23] Prior to 1963–64 IIE censuses enumerated "entrants" rather than total enrollments. By 1967–68 there were 474 Argentine graduate students enrolled in U.S. colleges and universities.

I suggest that insofar as the United States can influence the selection and placement of students[24] that, in addition to the usual personal, educational, and language qualifications, first preference should go to those students whose study programs and career prospects best reflect urgent national needs. Our insistence on tangible evidence would encourage the development of institutions such as ICETEX in Colombia. It is the Colombian Institute of Technical Specialization Abroad, an antonomous government agency of a type which is, unfortunately, unique in Latin America and rare in the rest of the underdeveloped world. Its conducts significant research to ascertain national priorities and stimulates, coordinates, and facilitates those overseas studies most likely to serve Colombian needs. ICETEX rationalizes overseas training through a variety of means including providing fellowships, making loans and allocating foreign exchange for overseas study. ICETEX obligates students whom it helps to work for twice as long in Colombia as they studied abroad.[25]

We should especially favor students whose study and career plans are integrated with the development of significant home country institutions such as technical and agricultural institutes, universities, and research institutes. Private foundations such as Ford and

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[24] For more detailed recommendations, see my statement, "The Foreign Student 'Brain Drain,'" at the January 23, 1968, hearing before the Research and Technical Programs Subcommittee, Committee on Government Operations, U.S. House of Representatives, *op. cit.*, pp. 20–24.

[25] For a thorough description of the purposes, history, activities and impact of ICETEX, see Instituto Colombiano de Especialización Técnica en el Exterior, *Un Instrumento para el Desarrollo Integral de Colombia* (Bogotá: Imprenta Nacional, 1966).

Rockefeller have been quite successful in utilizing U.S. graduate training for institution building abroad through its integration with specific attractive opportunities. The Organization of American States has had similar success in using foreign training for the building of regionally oriented research and development institutions in Latin America.

With respect to most Latin American needs for foreign training, I generally favor increasing emphasis at the Masters level and a much more skeptical posture with respect to supporting large numbers of Ph.D. candidates in esoteric fields which have little foreseeable relevance to home-country needs. Such study contributes heavily to the "brain drain." A recent analysis by the National Academy of Sciences[26] reveals that approximately one-seventh of all persons recently receiving U.S. doctorates are foreign citizens, and the percentage has been growing. For the period 1960-1966, citizens of underdeveloped countries constituted about 65 per cent of this group, compared with about 49 per cent for the period 1920-1959. For the period 1960-1966, doctorates awarded foreign students were concentrated heavily in the physical sciences and engineering (42%), biological sciences (25%), and social sciences (15%). The first two of these categories have substantially larger percentages than do the corresponding categories for doctorates awarded U.S. citizens.

The percentage of doctorate recipients of foreign citizenship who intend to remain in the U.S. for their first postdoctoral employment has risen steadily over recent years. For 1964-66 this analysis reveals that 55 per cent intended to remain in the U.S. The variations in leakage by country are considerable, ranging from a high of 90 per cent for Nationalist China to a low of 14 per cent for Pakistan. In their first postdoctoral positions these foreign Ph.D.s were primarily engaged in teaching (38%), research (37%), and postdoctorate fellowship research (15%). These data strongly suggest heavy involvement of U.S. universities as employers and further suggest that heavy university involvement in Federal government-sponsored research may be a principle reason for this major "brain drain."

In conclusion, I suggest that both for institution building and for nation building in underdeveloped countries an efficient foreign student system based on relevance of selection of students and of programs with respect to home-country needs and opportunities can offer great bargains to all concerned.[27] Although the "brain drain" aspect of the international migration of talent has caused greater concern, the foreign student aspect is more subject to policy influences without infringement of human liberties. I suggest that foreign student operations based on attractive home-country opportunities are much more likely to contribute to the formation of a viable human resources base for development than is even a substantial reduction of the "brain drain" where it reflects, as is usually the case, precisely a lack of attractive opportunities at home.

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[26] National Academy of Sciences, *Doctorate Recipients from United States Universities 1958–1966* (Washington, D.C.: National Academy of Sciences, Publication 1489, 1967), pp. 94–106.

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[27] Grubel and Scott calculated the "resource cost" to the U.S. of foreign student exchange as approximately .05% of American imports, .03% of U.S. defense expenditures and 0.4% of non-military aid in 1961–62. Herbert G. Grubel and Anthony D. Scott, "The Cost of U.S. College Student Exchange Programs," *The Journal of Human Resources*, Vol. I, No. 2 (Fall, 1966), p. 98.

LABOR IN DEVELOPMENT: A CRITIQUE OF SOME CURRENT CONCEPTS*

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It is a tribute to W. Arthur Lewis that discussions of labor in development still can best begin by taking his seminal article of 1954, as a point of departure.[1] This paper will do the same, even though much of it will be critical of Professor Lewis' ideas on labor in development.

To recall the Lewis argument, briefly: "In [less developed, especially Asia, Egypt, Caribbean] economies an unlimited supply of labour is available at a subsistence wage." This labor from "subsistence agriculture, casual labor, petty trade, domestic services wives and daughters in the household," has a marginal productivity which "is negligible, zero or even negative." It is the principal source for devlopment, as the capitalist sector expands, "as capital formation occurs." Because labor is in surplus, wages can be held near a subsistence level and stationary.[2]

Eventually, capital formation proceeds faster than population can grow, the surplus labor dries up, and wages begin to rise. While immigration or export of capital might keep the system going, at that point it is no longer the prime surplus labor model Lewis has sketched.

This model has great appeal to economists for several reasons. First is that it seems consistent with the vast, poor populations one

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* This paper has benefited greatly from comments made on a previous draft by my colleagues Professors Theodore Morgan, William Glade, Solomon Levine and Nathan Rosenberg.

[1] W. Arthur Lewis, "Economic Development with Unlimited Supplies of Labour," *The Manchester School of Economic Studies,* May 1954, pp. 139-191, and "Unlimited Labour: Further Notes," *Ibid,* January 1958. For a very recent re-examination of Lewis, see Lloyd Reynolds, "Economic Development with Surplus Labour: Some Complications," *Oxford Economic Papers,* March 1969. Professor Reynold's paper came to my attention after my own was in preparation, and mine parallels his in a few respects. References are to Lewis' *1954* article, unless otherwise noted.

[2] Lewis admits some conventionally, acceptable standard of living into his wage floor-ceiling concept also; and in later studies he takes a wage 50% above the subsistence, agricultural wage, as a norm. But in any event, this wage need not rise for a long time during development, as long as surplus labor is available, and this is the basis for capital's profit accumulation—either by private capitalists or the state—and continuous expansion via reinvestment.

encounters in many less developed areas. And, secondly, for economists, it fits the nicely, simplified neoclassical model which makes capital, and its accumulation, central to development.

While Lewis has elaborated what is called a labor model of development, actually his, too, is capital-centered. Even as he sets his thesis forward, he remarked, "the central fact of economic development is rapid accumulation. . . ." [3]

What is wrong with this thesis from a labor viewpoint? First and foremost, and this should be old-hat for economists by now, it ignores the fact that a growing body of literature suggests that capital is not so exclusively important in explaining economic growth. Whether in Great Britain, the United States, Japan or the Soviet Union, to take those four vastly different "models," research suggests that as much as half, sometimes more, of economic growth cannot be accounted for, quantitatively, by added capital inputs. Of parallel importance have been investments in education, health, research and a host of intangibles that do not fall under the conventional conception of capital investment in national income accounts.[4]

I think the Lewis and other capital-centered models set up distorted views of labor problems in development. Their underlying assumption is that the labor task is to move workers out of traditional society into the modern sector. Generally this means out of agriculture into industry (or, at best, into capital intensive agriculture, but this implies heavy capital accumulation again).

In a broad, evolutionary sense the long term movement from agriculture to industry has been the path of development everywhere. But this prescription for development planning in the circumstances of most developing countries *today* seems to overlook, or underestimate, the crucial factor of population density and growth.

The 2½% (recent figures put it at 2.6%, on the average) population growth typically found in the less developed countries contrasts with a little over 1% characteristic of the west (and even Japan) at a like stage of development. With population increasing 2–3% in the less developed countries, it is just about technically impossible to expect to move most of the population into what one might call the capitalist sector for decades to come.

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[3] In this sentence, he adds, "accumulation (including knowledge and skills with capital)." But the thrust of the thesis is on conventional capital, and capital accumulation as *the* engine. Elsewhere, Lewis has written with his special skill and eloquence on the role of education and other factors; but this model really stands as all capital-centered, in terms of the strategic variable.

[4] In the case of the U.S., see the work of Fabricant and Denison, as well as Theodore Schultz and his "school," on Britain see Caincross. For a recent study of the factors comparing and explaining economic growth in Japan and Russia, see Angus Maddison, *Economic Growth in Japan and the USSR* (London: Unwin University Books, 1969).

A study by Bruce F. Johnston reveals that in the case of Japan, despite a high rate of economic growth and an annual population increase rate of only around 1%, it took 70 years to reach the turning point when its farm labor force actually began what seems to have been its permanent, absolute decline. If the Japanese population had been growing at 2 or 3 per cent annuallly instead of an actual one per cent or so, the period would have been much longer.[5]

To put it another way, there is a tendency to overlook the fact that agriculture just for the sheer lack of sufficient capital and the heavy growth of population must be *the* (or at least *a*) major source of labor absorption for decades to come in most less developed areas. Let me anticipate the argument that population densities are so great in India, and elsewhere in Asia, that agriculture cannot absorb a much larger labor force. Once again Japan is a striking case to prove at least the strong possibility to the contrary. Actually, the numbers of agricultural workers per hectare of arable land is relatively low in India, Pakistan and the Philippines, to name three major countries of Asia, compared to Japan; the ratios running (in order, for these four countries) .8, .73, .77 and 2.39 for Japan. Even the United Arab Republic with a supposedly intensive cultivation shows a lower ratio, 1.76, than Japan.[6]

Other studies, taking these worker per hectare data as a basis, suggest, by way of example, that if India moved up to "70% of Japan's demonstrable labor absorption capacity" in agriculture, over

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[5] See Johnston's "Agriculture and Economic Development in Japan: Its Relevance to the Developing Nations," *AID* Draft Paper (mimeo), Sept. 1966, pp. 1–2, and Appendix A. The Japanese agricultural work force is estimated to have been 15,511,000 in the 1883–1887 period; it fell to just over 15 million in suceeding decades, dipped below 14 million in 1940, but stood at 16 million in 1955 (the peak year seems to have been 1949). By 1964, it was under 12 million.

[6] See *Changes in Agriculture in 26 Developing Nations,* 1948 to 1963, Foreign Agricultural Economic Report No. 27 (Economic Research Sources, U.S. Department of Agriculture, no date), p. 13. Other less developed countries surveyed in this report similarly "trail" Japan, though Taiwan is close.

20 years, the country could absorb all the projected labor force growth, and still have jobs to spare in the agricultural sector.[7]

Harry Oshima believes that excessive emphasis upon industrialization (and corresponding neglect of agriculture) can also weaken employment in the economy because of a series of linkage effects. Such emphasis tends to increase balance of payment difficulties, since the new, modern industries often depend upon foreign equipment and processed materials, which must be imported. The new, modern industries also create a heavy demand for supporting tertiary industries, as automobiles and trucks instead of bullock carts, telephones instead of more primitive communication systems, office machines for office workers, etc.—which tend to have negative effects on employment. For all of these reasons Oshima argues that, especially in the case of Asia, more emphasis must be given to agriculture, if employment is to keep pace with development.[8]

Actually, it is not only in the case of slighting or overlooking agriculture that these kinds of development models (and plans based upon them) do harm to labor needs and possibilities. Most such models are of the oversimplified two-sector variety (traditional-nontraditional or agriculture-modern capitalist, or however the two sectors are termed), which simply violate the realities of labor problems, and indeed of many other social and economic aspects of the development process.[9]

For instance, in oversimplified two-sector models the oft-time critical problems of handicraft (or artisan) household and small, traditional enterprise are easily ignored, with bad results for employment and probably for total output as well. In the relatively slow development of Western nations in the nineteenth century, handicraft (and similar) production could and did exist side by side for decades with the developing, modern capitalist sector. The former adjusted very gradually to the latter in most cases. Total employment was thereby better protected. Under today's two-sector models these carry over possibilities are often slighted or ignored, and their employment contributing possibilities can be lost. Once again, Japan is a good example of a country where the so-called dual sector of industry has been usefully made to contribute to development and employment.

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[7] Richard J. Ward, "Absorbing More Labor in LDC Agriculture," *Economic Development and Cultural Change*, January 1969, pp. 182–183.

[8] See Oshima, "Unemployment and Income Growth in Less Developed Economies: The Asian Case," in Theodore Morgan and George W. Betz, *Economic Development, Readings in Theory and Practice* (Belmont, California: Wadsworth Publishing Co., 1969), pp. 277–288.

[9] John C. H. Fei and Gustav Ranis have provided a more sophisticated two-sector model, and one which pays greater heed to the need for increasing agricultural productivity, as industrial development proceeds; but this model is still based on Lewis, insofar as the surplus labor force transfer idea is central to it. See their book, *Development of the Labor Surplus Economy* (Homewood, Illinois: Richard D. Irwin, 1964).

H. Myint has suggested that it is even unreasonable to treat labor as a single factor in development. The difficulties presented by the absence of skilled labor (including management) in many less developed countries is so critical a factor as to lead him to propose that a three factor approach, capital, labor and skilled labor would be more appropriate. In the short run, as Baer and Hervé suggest, "the supply of an increasing amount of skilled labor will be inelastic . . . ." As a consequence, unless "capital and unskilled labor" can "be combined with skilled labor," the former won't be productive.[10]

Theodore Schultz holds that new countries may frequently find it "easier to build and construct" new industrial plants, "than it is to develop qualified people to operate and manage such establishments." The lead time for training skilled technicians, engineers and managers may be as long (or longer) as that required for plant construction, especially as the latter is often done with foreign engineering and design assistance.[11]

All of this is a rather far cry from Lewis' earlier dismissal of the skilled labor problem as a mere Marshallian "quasi-bottleneck," which capitalist investment and incentive, with possible government help, can be depended upon to overcome quickly enough.

Needless to say, an emphasis on agriculture as a source of employment is also predicated on the assumption, contrary to Lewis' thesis, that the marginal output of large masses of the agricultural work force is not today (or with modest assistance needs not be) zero or nearly so. On this point a steadily growing body of empirical research suggests such productivity is low, but not zero, with the need to invest in human and related factors, if output is to be improved.[12] Even this problem can be overquantified, however; it is not only investment that may be needed, but in many countries land reform (with possible major social and political implications), improved credit and marketing facilities, etc., may also be critical if agricultural employment is to be improved.[13]

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[10] Werner Baer and Michael E. Hervé, "Employment and Industrialization in Developing Countries," *Quarterly Journal of Economics,* February 1966.

[11] See Theodore Schultz, *Transforming Traditional Agriculture* (New Haven: Yale University Press, 1964), p. 184.

Incidentally, while many studies show that labor is not dispensable from agriculture, without serious production consequences in parts of Africa and Asia, they do reveal that there may often be seasonal slack. Dumont estimates, for example, that the farmers in one key northern area of the Republic of the Congo (Brazzaville) worked, on the average, only 22½ hours per week. He contrasts this with the 3000 hour work year of the European peasant, and he believes relatively modest investments and work reorganization can reap huge gains in output.

The rather poor employment performance of the less developed countries in the decade after he set forth his model, has led Lewis (and others) to re-examine the issue. Noting that employment growth has lagged well behind the advance in output, Lewis, still defending his earlier model, suggests several basic reasons why employment didn't behave properly.

He first dismisses high population growth as a "primary cause for unemployment," since he argues that the "countries with high population pressure learn over the centuries how to provide work for everybody." Thus, if farming is on a small scale, farms get smaller; moreover, "sound custom imposes on the middle and upper classes the obligation to burden themselves with hordes of useless servants . . . ." And "even entrepreneurs get caught up in this spirit . . . and burden their business with large numbers of useless clerks, messengers and other hangers-on . . . ."[14]

This seems to overlook the fact that the population growth confronting the less developed countries today is 2 or 3 times as great as that which confronted the earlier industrializers. Moreover, the impact of modernization is more total and violent. Even if economic growth is slow, the radio, the movie and the will to modernize is so powerful that to expect old ideas of noblesse oblige (aristocrats happy to hold retainers, and workers content to accept little or no cash income) to carry forward in most of today's world is absurd.

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[12] See the useful chapter on "Disguised Unemployment in Agriculture: A Survey," in Carl Eicher and Lawrence W. Watt, *Agriculture in Economic Development* (New York: McGraw-Hill, 1964), which cites some of this empirical work.

[13] On the importance of institutional change, as opposed only to quantitative shifts of capital into human investment, see Thomas Balogh's critique of Theodore Schultz in *The Economic Journal*, December 1964, pp. 996–999.

[14] See "Unemployment in Developing Countries," *Lecture to Mid-West Research Conference*, October 1964 (mimeographed).

If population is not the cause, then why doesn't the old social system work and absorb labor? Here Lewis finds the villain to be high wages. Because of trade unions, government social policy and the conscience of today's less developed country capitalists (guided often by fears of reprisal from socialist-tending governments who may support claims against foreign capitalists), wages tend to rise relatively rapidly for modern sector employees. In turn, all wages tend to be pulled up throughout the economy. This leads employers to make investment decisions that favor capital intensity, labor saving, rather than labor-deepening, with ill effects for employment. Output may rise, but employment does not.[15]

Once again, we are confronted with a plausibly rational explanation of what has been happening, but one that is not necessarily in accord with the real facts, in many of the countries.

In the first place, if employers seem to choose capital intensive technologies, it is often because no others are available. The "dark satanic mills" of the nineteenth century are not even available for purchase, at best they are "collectors' items for museums." [16]

Even where second-hand plant and machinery, presumably with more labor intensive possibilities, are available, new countries select the latest in plant design and equipment. They have often found that even when second-hand plants can be purchased, spare parts and/or technicians to install and maintain the old equipment may not be available. Again, in the absence of skilled labor, it is possible that more automatic equipment may often be easier to operate. The need to compete successfully for markets abroad may also dictate the choice of a more modern technology.[17]

On the matter of high wages, Lewis' explanations, previously indicated, are that employers' (and governments') social consciences, as well as union actions are leading to distortions between the returns to labor in the modern sector as opposed to the traditional sector. There are a number of assumptions here, and it is difficult to deal with all of them. Historically, in previous, successful cases of industrialization, modern sector wages have just about always led (by far) the return to labor in the traditional (and/or agricultural) sector.[18] Is Lewis suggesting, for instance, that the marginal return to labor in industry should be the same as the marginal return in agriculture (with only a modest differential to account for the costs and difficulties associated with new, urban living), while at the same time the profits of industry will dwarf those in agriculture? This is, of course, technically possible, but judging from the experience of earlier industrializers, it could take some massive kind of government-imposed wage freeze, and interference with the labor market. Moreover, the experience of many modern sector employers themselves has convinced them that low wages do not always produce cheap labor *costs*. Africa is replete with cases where large mining companies have learned that low wages don't necessarily produce low labor costs, in terms of unit output. Rather does there seem to be a significant relationship between "decent" wage levels, high productivity and lower unit labor costs.[19] One might also add that Lewis seems to dismiss entirely the problem of "committing" the labor force to development, and how wage levels operate in this respect—something we can only mention here.[20]

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[15] Lewis, *op. cit.* (1964). Lewis mentioned other factors with negative effects on employment, as he elaborated this thesis in his Richard T. Ely lecture, in *The American Economic Review,* May 1965.

[16] Schultz *op. cit.,* p. 183, and others also note that by the same token it is absurd to expect to man today's modern factories with labor as unskilled (and untrained or uneducated) as was the case in the early mills.

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[17] Baer and Hervé, *op. cit.*, pp. 94–97, Keith Marsden suggests, however, that if "the concept of technological choice is widened to encompass product selection (product mix), the range of alternatives becomes infinitely greater." Thus, society can choose between: clay bricks and pre-stressed concrete for construction, hand carts and jet aircraft for internal transport, etc. See his article in the *International Labor Review*, November, 1969.

[18] See, for example, the way in which L. J. Zimmerman demonstrates the centuries long decline, relatively, of "per capita income in the primary sector as percentage of the per capita income in the other sectors," in Britain, Japan and the United States—until the most recent decades. *Poor Lands, Rich Lands: The Widening Gap* (New York: Random House, 1965), p. 51.

[19] See for example the interesting exchange in E.A.G. Robinson (editor), *Economic Development for Africa South of the Sahara* (New York: St. Martin's Press, 1964), p. 312–339.

[20] As the distinguished industrial sociologist and student of development W. E. Moore writes, the acceptance of an exchange economy and "any kind of market orientation on the part of workers" may entail a "correct transition strategy" of higher rather than low wages. At stake is "the change to new economic activities" with "a change of most aspects of the 'way of life.'" It is the wage nexus for workers which can help create new demands and aspirations that may be critical in industrialization. As Moore notes: "cheap labor

As for trade unions, Lewis' complaint and prescription are not precise, but he seems to look almost wistfully at something akin to early nineteenth century Britain (or a similar case), in terms of the general absence of effective unionism. He notes the unions will find his policies "anathema," but he adds that similar policies have already been followed "in Ghana and India." [21]

A whole series of disturbing questions is raised here. Does Lewis really approve of the authoritarian, approaching totalitarian, approach of Nkrumah's Ghana, with the nearly complete submission of the union (and other groups in the society) to the State? Nowhere in his theses on employment does Lewis seem to meet the dire political implications of his economic prescriptions.[22]

Since this is a joint session of the American Economic Association and the Industrial Relations Research Association, it should also be noted that Lewis fails to make a very convincing case on unionism's serious, negative economic effects on employment and development. Modern sector wages seem to run well ahead of those in the traditional economy in many countries where unionism is not particularly strong. Looking at unionism in the less developed countries, it is hard to find any but very rare instances where it has had enough strength to shift the schedules of investment. The latter appear to be far more a product of the other factors referred to above. The unions have usually lacked sufficient strength to have more than a minority inflationary impact, due to population pressures, workers' ignorance and the many divisive forces hampering consensus generally, and union cohesion in particular. All of this may not accord with neat economic models, but it does seem more attuned to what has been occurring.

The unions in the new countries are not likely to duplicate western union experience, but controlling them to the point of

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may turn out to be rather expensive, owing to the vicious circle linking low wages and low productivity." *The Impact of Industry* (New Jersey: Prentice Hall, Inc., 1965), p. 43.

[21] "Unemployment in Developing Countries," *op. cit.* Lewis is correct in his view of the unions' fate in Nkrumah's Ghana, but in India there has hardly been the conscious suppression or control he calls for.

[22] Elsewhere, to be sure, Lewis has been bitterly critical of the one party state, and especially as it operated in Africa. For a powerful statement in defense of pluralistic, democratic political strategies for new country development see his article, "Beyond African Dictatorship: The Crisis of the One Party State," *Encounter*, August 1965. Also see Lewis' *Politics in West Africa* (London: Allen and Unwin, 1965).

rendering them nonfunctional is not likely to be a useful formula either. In countries like Malaya, India and Mexico, to name just those three, trade unions as effective channels of protest have probably diverted what might otherwise have been a more revolutionary reaction on the part of key urban work groups. Moreover, the unions' potential contribution as a national integrative and developmental force can be (and in numerous instances has been) considerable. The enormous burdens already resting on the State as economic planner and developer make it desirable to utilize the unions to help administer vocational training, social security and other programs. It should be appreciated that these "positive" contributions to development are not likely to be performed effectively by unions that have been "defanged" entirely on the wage front. One can concede that unions in the new societies are not likely to enjoy the very same freedoms of Western unions today, but unless he wishes to prescribe a highly authoritarian or totalitarian mold of development, he had better expect unions in the new countries to perform some of their traditional, protective-sectional function.[23]

Finally, to return to the major question of employment, one reason why it seems necessary to deflate the all-capital-centered models, is that until this is done employment is likely to remain only an afterthought of development planners. Study after study has shown that the planner almost invariably focuses exclusively on investment and output, with employment generally being treated only as a "by-product." A 1961 study of the I.L.O. concluded:

> . . . in general . . . it is true to say that in practically all the plans and programmes that have been announced, the objectives of general economic development, diversification of the economy and an increase of national income have figured much more prominently than the employment objective. Employment-creation has been looked on as a by-product of general economic development.[24]

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[23] I have dealt with the "positive" contributions of unions to development in a report prepared for the United Nations Industrial Development Organization, *Trade Union Contributions to Industrial Development: Varieties of Economic and Social Experience* (New York: United Nations, 1967).

[24] International Labour Office, *Employment Objectives in Economic Development,* Report of a Meeting of Experts (Geneva: 1961), p. 33. A more recent I.L.O. study shows some improvement in this respect. See C. Hsieh, "Planned Rates of Employment Increase in Development Plans," *International Labour Review,* January, 1968.

The relative "neglect," until now, of employment targets in development is all the more distressing in view of the likelihood that growth in employment may be closely related to sustained growth in output. The U.N. Economic Commission for Europe, for instance, "finds a positive correlation between the growth of output and of output per worker on the one hand, and the growth of" employment on the other—at least *in the developed countries.* It argues that contrary to the belief that productivity per worker should rise more rapidly where capital per worker deepens and employment rises relatively slowly, experience suggests that productivity rises more rapidly where employment is also expanding rapidly.[25]

Fred Dziadek has argued, "maximization of future output should not inevitably be the main goal," or at least not the exclusive, all-important target. He argues "maximization of present output and employment may be deserving of greater priority." One cannot ignore the need for more equitable distribution and greater social balance in the new countries, and employment creation can be key here. The less developed countries must be aware that "the political and social consequences of a large and growing volume of unemployment . . . may be much greater than those from a reduction in the growth rate."[26]

There are, recently, signs of change in "thinking" about the problem of employment in the less developed countries. The International Labour Office has now thrown itself fully behind the effort "to make productive employment for large numbers of people a goal of national and international policies for development." The I.L.O. has also come to stress the problem of strengthening agricultural employment opportunities and productivity as it recognizes that even if the nonagricultural sector of the less developed countries grows at a relatively rapid rate, it would take 70 years for its relative size to double and "over a century . . . for the structure of the labour force in" these countries "to be comparable to the present-day structure in the industrialized countries." This, of course, does not deny the "longer term" strategy aiming "at a progressive shift . . . from agriculture to industry . . . ." But to help rural development, including agricultural and light, rural industries in the decades ahead, I.L.O. sees "a clear need for diverting some public investment from urban [where it now tends to be concentrated] to rural development. . . ."[27]

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[25] I.L.O., 1961 study, *op. cit.,* p. 38. The report notes, ". . . investment is likely to be more productive when it takes the form of creating new capacity in association with additional labour than when it simply increases the intensity of capital used by a given labour force."

[26] Fred Dziadek, *Unemployment in the Less Developed Countries,* A.I.D. Discussion Paper No. 16, June 1967, p. 18.

While the I.L.O. has always, among interest agencies, taken the lead on behalf of employment objectives in development, its new *World Employment Programme* seems to carry a greater strength and confidence than its past pronouncements on this subject.[28] Hopefully, we may be entering an era where greater attention to both population and employment problems can make the next decade of development an improved one in the lives of large masses of people in the new countries.[29]

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[27] *Report of the Director General to the International Labour Office, The World Employment Programme, I.L.O.* (Geneva: 1969), pp. 7, 29, 64, 66.

[28] The 1961 I.L.O. Report, *op. cit.*, was extremely cautious about any all-out stress on employment, as a central objective. It seemed, by and large, to accept the by-product role of employment, adding that, "The main criterion should be to seek always the highest output-capital ratio . . . ," p. 226.

[29] Because of space limitations it has been necessary to eliminate about one-half of the original paper. The entire paper will be published later.

DISCUSSION

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I find Shearer's paper rather difficult to discuss, because while he begins by referring extensively to the ideas of myself and others on the question of "brain drain," and appearing to take a position somewhere on the "nationalist" side, he does not actually make clear at this point what his position is or commit himself to anything beyond the empty platitude that "nationalism is a major reality." No one would dispute that fact; but it throws no light on what the brain drain problem is, or, if it is a problem, on what should be done about it. What I, Grubel and Scott, and others have argued is, in brief, (1) that there is an identification problem with respect to brain drain: it may well result from excess supply in the source countries rather than excess demand in the destination countries, and (2) that it is difficult to establish a case for brain drain reducing the welfare of the world, even with respect to the apparent obvious loss of educational investment in emigrants borne by the source country. What Reuss, Boulding, and others who regard brain drain as a major problem rest their case on is the unfounded belief that, in the promotion of development, "the more brains the better." This belief assumes, contrary to the recorded facts, that there is a shortage of talent in the developing countries under actual—and not merely hypothetical future—conditions, and that by denying educated people the opportunity to respond to the market attractions of the rich countries they can somehow be made to contribute vastly to the development of their countries of origin.

When Shearer actually gets down to his subject—the training of foreign students in the United States—he does in fact admit many of the points that we "internationalists" have made, and especially that the training provided by sponsor groups is often not relevant to the presumed needs of the home country. But he does not consider the possibility that sponsor group choices in this context may be a rational response on their part to the circumstances of the country concerned. It is not self-evident that sponsor groups should accept the objective of providing willing intellectual slaves for the nationalist purpose of economic development, or that they should concur in the assumption that anyone born in a particular country should be condemned to live there for the rest of his life, rather than be given an opportunity to escape.

Shearer's finding that home governments tend to support "technical" specialties while the U.S. government tends to support "structural" specialties is far more interesting than the implication he draws, that "one of them must be wrong" (not his words). The evidence accords with what one would predict from political theory: the developing national state has an interest in providing itself with better-trained servants, who will better satisfy recognized needs, but no interest in training potential revolutionaries; the United States, consciously or not, has an interest in training people who will try to transform their countries into something closer to the American model, rather than merely fit themselves into traditional ways of doing things and hence reinforce the established regime. Similarly, Shearer's analysis of the seven major Latin American sources of graduate students conforms with the prediction that students from politically stable countries will be likely to pursue technical training, while students from politically disturbed countries will be likely to pursue "structural" specialties which may help them to understand their country's problems and do something to solve them.

These thoughts lead me to take issue with Shearer's recommendation that the U.S. should give priority in the selection of students to the satisfaction of "urgent national needs" for training, and especially to training that slots a student into a home country institution. To do so would be to underwrite the source country's social and political structure with American aid, and to close the safety-valve of escape from local nationalism that advanced training in the United States now provides for at least some natives of developing countries.

For the same reason, I am opposed to Shearer's desire to emphasize the M.A. level and de-emphasize the Ph.D level of training. In the eyes of many, especially in the less developed countries, the established quality of American graduate programs has made the Ph.D. a symbol of acknowledged superiority and excellence, and the M.A. a symbol of trained inferiority, of failure to achieve the Ph.D. level of competence. No one who has taught graduate students from developing countries can be unaware of the tremendous differences in prestige between the two degrees. To deny students from these countries access to the Ph.D. is to condemn them to inferiority in their own eyes and those of their fellow-citizens, and hence to subordinate them to the service of the state and to stultify any capacity they may have to become effective promoters of social change. It is true enough that the narrow specialization of the Ph.D. dissertation often leaves them with nothing useful to or applicable in their home country, and that a significant proportion therefore decide to stay in the United States. But this may be a price well worth paying in return for the demonstration effect of objective proof of ability to compete with American students in intellectual pursuits, and the confidence in their own capacity instilled in those who elect to return to their home countries.

Contrary to Shearer's concluding comments, I believe that, if there has to be a policy to prevent "brain drain," it would be far better to let foreign students rise as high as they can in the U.S. educational system, and then force them to return home, than to let them in only for training programs that will make them ineligible for employment in the United States and eligible for employment only in their home country. The former policy would recognize human equality while making explicit the fact of national inequality. The latter would insist on producing human inequality for the sake of national equality. Human beings, and not nation-states, are the natural units of analysis for this and other second-best welfare problems.

DISCUSSION

Noah M. Meltz
University of Toronto

This discussion begins with Professor Kassalow's paper and then deals with Professor Shearer's paper.

Let me say at the outset that I share Professor Kassalow's concern for the role of labour and manpower factors in economic development. I agree that agriculture must be considered as a major continuing source of employment in underdeveloped countries and that wage differentials must be considered in any development strategy. Having said this, the issue posed in the paper is whether W. Arthur Lewis denied these points.[1] I will deal with two specific charges made against Lewis.

The first charge by Professor Kassalow is that the underlying assumption by Lewis and other capital-centered models is that "the labor task" is to move workers out of agriculture into industry ". . . (or, at best, into capital intensive agriculture, but this implies heavy capital accumulation again)." Is this what Lewis has in mind? He talks about shifts from the subsistence sector to the capitalist sector but the capitalist sector is not the same as the capital intensive sector. The capitalist sector is defined as:

> ". . . that sector of the economy where labour is employed for wages for profit-making purposes. Labour employed for wages with no intension of resale . . . . is excluded, as is all labour which is not employed for wages, whether such labour works with capital or not . . . . . ."[2]

Professor Kassalow seems to gloss over the difference between capitalist and capital intensive. Lewis does not seem to be implying that the labor task is to move most workers out of agriculture. His concern is to raise agricultural output. He cites the failure of government in this area:

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[1] My discussion is based on three of W. Arthur Lewis' articles which are frequently cited by Professor Kassalow. These are: "Economic Development with Unlimited Supplies of Labour," *The Manchester School of Economic and Social Studies*, Vol. XXII May 1954), "Unlimited Labour: Further Notes," *ibid.*, vol. XXVI (January 1958), and "A Review of Economic Development," Richard T. Ely Lecture, *American Economic Review* Vol. LV (May 1965). A fourth article "Unemployment in Developing Countries," Lecture to Mid-West Research Conference October 1964 (mimeographed) could not be obtained in time for the preparation of these comments.

[2] Lewis, 1958, *op. cit.*, p. 8.

> "The sector to which government initiatives could contribute most is agriculture, which has, alas, been the most neglected. Everybody talks about the necessary framework for agriculture—the agricultural research stations, the extension agents, farm institutes, animation, water supplies, land reform and so on—but little gets done."[3]

These examples all imply increasing output, not movement of people off farms. Moreover they imply increasing output through investment in training, knowledge of land, crops, etc., that is, investment in human capital rather than huge physical capital investment.

The second charge is that Lewis dismisses the beneficial aspects of high wages. Kassalow asks the question:

> "Is Lewis suggesting, for instance, that the marginal return to labor in industry should be the same as the marginal return in agriculture, while at the same time the profits of industry will dwarf those in agriculture?"

Surely Lewis is not saying this. He repeatedly refers to the need for wage differentials above the subsistence sector to attract workers.[4] What he is concerned about is the magnitude of the differential because ". . . the expansion of the capitalist sector can be checked by wages rising for exogenous reasons even though there is an excess supply of labour at the market rate."[5]

It seems to me one can agree with Professor Kassalow that in certain circumstances relatively high wages can have beneficial effects on development without, at the same time accepting his implied notion that the magnitude of the differential is unimportant. Relative wages are an important consideration in a manpower assessment of development problems and here Professor Lewis seems to be more relevant than many "pure" manpower analysts.

In addition to these two specific charges there is the general indictment that as a result of Lewis' models employment is likely to remain only an afterthought of development planners. In the original 1954 article, which Kassalow termed "seminal," employment was not included among the major objectives which were "to see what could be made of the classical framework in solving problems of distributions, accumulation and growth."[6] This doesn't mean that labour and manpower considerations can't be incorporated into the model. As has been indicated already, many such considerations are there, and as Professor Kassalow proposes, more should be incorporated. However, I feel it is the responsibility of persons concerned with labour and manpower issues to build such considerations onto the various growth models.

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[3] Lewis, 1965, *op. cit.*, p. 5.

[4] For example see Lewis, 1954, *op. cit.*, p. 163.

[5] Lewis, 1958, *op. cit.*, p. 25.

I will deal with three considerations in discussing Professor Shearer's paper. The first concerns the relative importance of United States action as compared with home-country action in the designation of fields of study for foreign students. It is stated that "'generally, the home governments support to a relatively much greater extent than does the U.S. government the 'technical' specialties for their graduate students in the U.S." In the absence of tabulations showing the number of students supported it is difficult to identify the present impact of home-country support as compared with the various types of U.S. sponsorship. Although Shearer does indicate that home countries should assess and develop their foreign-trained manpower needs along the lines of the Columbian Institute of Technical Specialization Abroad, I don't feel he puts sufficient emphasis on the crucial role that is to be played by home countries. As Professor Don Patinkin indicates in the volume *The Brain Drain*:

> ". . . the 'brain drain' is a problem whose solution lies first and foremost on the shoulders of the countries losing the manpower . . . . ."[7]

The second point is that Shearer's proposal that the U.S. give strong preference to aid poor countries in the development of their human resources, is a statement of a general principle which contains a range of possibilities in terms of specific details. For example, is the U.S. government, as one of the five sponsors mentioned, to set up a global strategy involving all underdeveloped countries and sponsor students only in terms of some general criteria or will there be national quotas with the U.S. government deciding on the allocation within each country? The implication seems to be that the U.S. government would have to have knowledge about the education and manpower situation in each country in order to set its priorities and make its decisions. What about university and private agency sponsorship—should their decisions be co-ordinated and centralized? What is the strategy to be in relation to students from developed countries such as Canada, which sends thousands of university students to United States each year? These questions are not raised in disagreement with Shearer's suggestion, rather I am curious as to whether he has taken the idea a step further into a framework for possible action.

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[6] Lewis, 1954, *op. cit.*, p. 140.

[7] Walter Adams, editor, *The Brain Drain*, (New York: Macmillan, 1968), p. 108.

The third point concerns alternative approaches whereby the United States can "enrich the poor countries through meaningful contributions to their key human resources." The discussion in the paper concentrates on the strategy to be followed in making available to foreign students scarce places in U.S. colleges and universities. Patinkin suggests an additional approach toward achieving the same end, that of research grants made to university and scientific centers in all countries suffering from 'brain drain.' As Patinkin says:

> "True, some funds are being provided today by various U.S. foundations and U.S. government counterpart funds. But the scope is a limited one . . . in view of the relative salary structure which exists, the U.S. will get much more research per dollar from such grants than what it achieves at home." [8]

This suggestion can be taken one step further. Why not encourage grants for teaching as well as research to enable universities and research centers in various countries to develop to a level which could attract students from poor countries and provide them with suitable training in relation to development needs in their home countries? The partial dispersion of specialized student education and training away from the United States to countries at various levels of development might tend to reduce the seriousness of the non-return problem.

This proposal also has a bearing on the emotive issue of "nationalist" versus "internationalist" approaches to the question of the 'brain drain.' One could conceive of countries adopting a nationalist view in terms of the types of education and training they encourage, and international agencies and multi-national agencies adopting objectives more in line with a genuine attempt to maximize the "'world social welfare function" in terms of human resource development.

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[8] *Ibid.*, p. 98.

I would agree with Professor Shearer that foreign student operations are an important concern of those interested in human resource development. I would add the plea that the full range of alternatives be examined in developing strategies in this area.

DISCUSSION

CHARLES V. KIDD
The Association of American Universities

As a commentator, I have only a few things to say:

1. I believe that the flow of students around the world is a good thing for the students, for their home countries and for the world. It is to be encouraged rather than discouraged.

2. The means by which study abroad can be made applicable to higher priority tasks at home, and by which the return of the students required for these tasks can be assured, are well known and can be adapted at low cost by any less developed country which is seriously enough concerned to take action.

3. The movement of fully trained people from less to more developed countries is basically a symptom of imbalance and misguided general economic and social policies by both developed and less developed countries. The most productive point of attack is not on the movement itself but upon the causes of movement. One of the central problems in less developed countries is the continuing expansion of university education, under tremendous social and economic pressure, and the resulting unemployment of highly trained people. This promises to be one of the thorniest and most significant manpower problems facing the less developed countries in the '70's.

4. The developed countries are deeply at fault in providing an inadequate proportion of their gross national products as economic aid to the less developed world, and in paying inadequate attention to improving the effectiveness of technical assistance. They are also deeply at fault in underinvesting in higher education so that they depend on migration from less developed countries.

5. The migration which highlights in the most naked form the failures of both the less and the more developed countries is that of physicians. Most M.D.'s leave less developed countries because there is no professional work at which they can make a living. Few L.D.C.'s pay attention to the health of those in rural areas, and to a serious effort to educate people and to form an administrative structure for caring for these people. The physicians migrate to Britain, Canada and the U.S. because these countries have trained too few of their own people.

6. Migration is not general from all L.D.C.'s to all developed countries. Attention should be paid to specific countries, specific problems in the countries, and specific occupational groups.

7. Finally, the central problem of the L.D.C's is balanced national development. First attention should be paid to this. If some migration results from sound national development policies (such as the establishment of advanced technological or scientific organizations which lose some staff by migration), the answer is not to curb the development measures, but to push ahead while dealing with migration as a secondary problem.

8. The time has passed when migration of high level manpower—"the brain drain"—is approached in emotional, political terms. The thorough work done on the subject over the past 3 or 4 years has put it firmly in the context of a shared responsibility of the less and more developed countries, which is where it belongs.

DISCUSSION

Peter S. Barth
Ohio State University

In preparing Professor Shearer's paper for publication in these proceedings the printer can be excused if he slips up and substitutes for the correct heading, "Now is the time for all *relevant* men to come to the aid of their country." The key to Shearer's argument, if one accepts the imposed constraint not to question his "nationalist" position, is that students who are sent abroad should be prepared in "relevant" areas. Unfortunately, this seems to beg the basic questions, i.e., how does one determine what is relevant, who is to decide this, what time horizon is selected for relevance, and so on.

Aside from these basic questions, several specific points may be raised. Shearer correctly points out that currently, many decisions regarding who is to be sent abroad are made on the basis of influence or nepotism. However, given the state of the art of determining what kinds of manpower are lacking, by whom and when, it seems that the existent patterns of favoritism can easily remain, in light of the lack of alternatives that are available.

Professor Shearer recommends more emphasis on the potential masters student than on the over-specialized Ph.D. for sensible reasons. But the other side of that seems fraught with equally dismal prospects. My own experience in Latin America suggests that there are many students committed to visiting the U.S., and not to any special occupation. If openings occur in agronomy and not engineering, overnight they will toss away their slide rules and appear for a visa in coveralls. That is not to suppose that this will cause them to change career plans when and if they return home.

There is an interesting overlap between these papers. Professor Kassalow argues that what I might call "modern-intensive" production methods are inevitable in the l.d.c.'s. One reason for this may well be that the builders and users of such techniques have been trained abroad, and are neither able nor prepared to adapt when they return to their countries.

Indeed, it is somewhat surprising that Shearer, a confirmed nationalist, does not reach the conclusion that within that framework the costs and benefits may tell us that training should be provided within the l.d.c's themselves. Since the opportunities to revise curricula, alter staff and change methods tend to be very limited, a possible solution would be to create new, international universities. Each could be located in some (undesirable and rural) location in Latin America, Africa and in South Asia and financed by foreign or domestic private sources, and geared to the needs of the l.d.c.'s. Aside from the effects of such a scheme on the brain drain, it would reduce the costly practice of training foreign students inappropriately for needs within their own countries. Using Shearer's own example, training Latin Americans in the industrial relations techniques of the United States may be absolutely without "relevance."

Turning to Professor Kassalow's paper, I am concerned that his criticisms of Lewis are based on how Kassalow would like the world to look, while Lewis describes the world as he sees it. Moreover, Kassalow ascribes normative motives to much that appears positivist in Lewis.

Aside from this a rereading of Lewis indicates that he is not always treated fairly. Let me briefly note some examples where I think that Lewis is not presented as I read him: In "Economic Development with Unlimited Supplies of Labour," Lewis specifically cites four reasons why the real wage in the modern sector may rise in advance of full employment. Thus, Lewis can hardly be accused of not anticipating unemployment in his original article.

Moreover, Lewis is really arguing that unemployment must result as rising real wages attract workers off the land more rapidly than they can be absorbed in the urban areas. This open unemployment, which replaces some disguised unemployment in the countryside is actually a symptom of the development process.

Kassalow points to the need for maintaining persons in the agricultural sector in the densely populated l.d.c.'s. Does Lewis differ? Regarding those countries where cultivable land is intensively used, Lewis essentially agrees with Kassalow:

> . . . it would be desirable to be able to provide jobs outside agriculture for the whole of the increase in population. This cannot be done . . . Any Plan for an already overcrowded country must show labour continuing to pile up in the countryside until a fairly late stage of development, when the ratio of agricultural employment has already fallen sharply.[1]

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[1] Development Planning (New York: Harper and Row, 1966), pp. 223–24.

And indeed Lewis has indicated on a number of occasions the importance of investment in the agricultural sector.

Moving on to the issue of unionism and its role, there is much to Kassalow's argument regarding the causal relationship that operates from rising wages to rising levels of marginal physical product. The point is important and often overlooked. But here I would argue that generalizations, particularly those borrowed from developed countries, simply cannot apply, and that each case be studied on its merits.

Finally, the criticism that A.I.D. has neglected manpower or human resources in its efforts to develop plants for the l.d.c.'s is is no longer valid. Indeed, one might now criticize A.I.D. for rushing ahead so fervently in pursuit of manpower plans when so much remains to be learned about them.

X

INVITED PAPERS

Douglass V. Brown, Chairman

THE MINIMUM WAGE AND TEEN-AGE UNEMPLOYMENT

PETER S. BARTH
The Ohio State University

INTRODUCTION

The purpose of this study is to determine whether changes in the Fair Labor Standards Act have a differential impact on the labor market success of teen-agers and adults. Specifically, the hypothesis to be tested is that if some disemployment effects occur as a consequence of an increase in the Federal minimum wage, then these effects are felt more substantially by the more marginal members of the labor force. This short paper does not attempt to resolve the larger question of the extent, if any, of over-all disemployment which is generated by such legislative changes. Unfortunately, in the more than three decades that have passed since the Fair Labor Standards Act was enacted, and the considerably longer period in which this issue was debated, economists have not been unified in their conclusions. Minimum wage legislation continues to be praised and damned, leaving policy makers in a difficult position. This paper does not ameliorate their condition. It can, however, assist those who are concerned that changes in this legislation do affect certain segments of the population adversely, relative to other groups. For example,

> . . . Mr. Shultz criticized the minimum-wage laws, which as Secretary, he will administer. He told a conference of the Chamber of Commerce of the U.S. on April 30, 1963, that minimum-wage laws tend to decrease employment opportunities.
>
> A fixed minimum rate, he said, hurts the chances of 'marginal' workers to get employed.[1]

Unemployment among teen-agers has been the source of considerable concern by economists and others in recent years. A particular cause of some of this interest has been due to the extremely high absolute rates of unemployment for non-white teen-agers. The grave social consequences of such unemployment have generated a number of studies which sought to determine the causes of teen-age unemployment, particularly among non-whites.[3]

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[1] *U. S. News and World Report*, Vol. LXV, No. 26, December 23, 1968, p. 62.

Although the high absolute rates of unemployment for non-white teen-agers are disturbing enough, their relationship over time to comparable rates for other segments of the population is also the source of considerable discomfort. The fact that the ratio of teen-age unemployment rates to other groups in the population is rising would seem to suggest that the broad macroscopic tools are not adequately helping the youngest segment of our labor force. Indeed, the relative position of non-white teen-agers is worsening not only when compared to adult non-whites, but also relative to white teen-agers, particularly in the last few years. This is indicated in Table 1 which shows the unemployment rates for white and non-white teen-agers, and for adult whites and non-whites from 1954 through 1968. (Adults refers to persons 20 years and older. The use of 1954 as a base year and 1968 as a terminal year is dictated by the use of the latest revised labor market data, which were provided by Harold Goldstein of the Bureau of Labor Statistics.) The ratios of unemployment rates are shown in columns 5 through 8. Column 5 indicates the substantial worsening of white teen-age unemployment rates relative to white adult males, as does column 6 for non-white teen-agers to non-white adult males. Although this suggests the presence of a "teen-ager" problem, it would appear from column 7 that it is more of a problem for non-white teen-agers. The ratio of non-white to white teen-age unemployment rose by 67 percent from 1954 to 1968. This is particularly puzzling since the ratio of adult non-white to white unemployment seems to be declining. If the widening gap between non-white and white unemployment rates among teen-agers were strictly a color problem, one should expect a generally comparable trend in columns 8 and 7. Can the Fair Labor Standards Act explain the difference?

THE PROBLEM

It will be argued here that one of the reasons that the employment impact of the minimum wage is unclear, or at least subject to con-

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[3] See, for example, Hugh Folk, "The Problem of Youth Unemployment" in *The Transition from School to Work: A Report Based on The Princeton Manpower Symposium, May 9–10, 1968*, Research Report Series, No. 111, Industrial Relations Section (Princeton: 1968), pp. 76–107, and Edward Kalachek, "Determinants of Teenage Employment," *The Journal of Human Resources*, Vol. IV, No. 1 (Winter, 1969), pp. 3–21.

TABLE 1

	Unemployment Rates							
	1 Teen-age whites	2 White males 20 years and older	3 Teen-age non-whites	4 Non-white males—20 years and older	5 Col. 1/Col. 2	6 Col. 3/Col. 4	7 Col. 3/Col. 1	8 Col. 4/Col. 2
1954	12.1%	4.4%	16.5%	9.9%	2.75	1.67	1.36	2.25
1955	10.3	3.3	15.8	8.4	3.12	1.88	1.53	2.55
1956	10.2	3.0	18.2	7.3	3.40	2.49	1.78	2.43
1957	10.6	3.2	19.1	7.5	3.31	2.55	1.80	2.34
1958	14.4	5.5	27.4	12.7	2.62	2.16	1.90	2.31
1959	13.1	4.1	26.1	10.5	3.20	2.49	1.99	2.56
1960	13.4	4.2	24.4	9.6	3.19	2.54	1.82	2.29
1961	15.3	5.1	27.6	11.7	3.00	2.36	1.80	2.29
1962	13.3	4.0	25.1	10.0	3.33	2.51	1.89	2.50
1963	15.5	3.9	30.4	9.2	3.97	3.30	1.96	2.36
1964	14.8	3.4	27.2	7.7	4.35	3.53	1.84	2.26
1965	13.4	2.9	26.2	6.0	4.62	4.37	1.96	2.07
1966	11.2	2.2	25.4	4.9	5.09	5.18	2.27	2.23
1967	11.0	2.1	26.5	4.3	5.24	6.16	2.41	2.05
1968	11.0	2.0	25.0	3.9	5.50	6.41	2.27	1.95

Source: Columns 1 to 4 are from *Statistics on Manpower: A Supplement to the Manpower Report of the President,* U.S. Department of Labor (Washington: U.S. Government Printing Office, 1969), p. 6.

siderable dispute, is that aggregative studies such as this one have generally looked at the wrong variables. With the exception of a few studies, particularly those that concentrate on specific industries, most studies have focused on the unemployment rate.[3] Yet economic theory does not suggest what the direct link is between the minimum wage and the unemployment rate. This simple point is responsible for much of the confusion that surrounds the general debate—although recognizing this does not help to provide us with the answers that are sought.

The literature of economic theory that deals with the minimum wage and its impact is broadly consistent in suggesting that an increase in the minimum wage causes a decline in the quantity of labor demanded. It is true, however, that Stigler has described one way in which an increase in the minimum wage for a monopsonist could yield an increase in the quantity of labor demanded.[4] But Friedman writes, "It is perhaps worth noting explicitly that this case is little more than a theoretical curiosum, and cannot be regarded as of any great practical importance."[5] It appears fair to conclude that the current position in the literature is that the minimum wage is not employment creating, and at very best is neutral with regard to the matter of unemployment. But economic theory does not suggest that a change in the minimum wage which does affect the quantity of labor demanded, will cause a *corresponding* increase in the unemployment rate, except under the severe and unlikely maintenance of conditions of *ceteris paribus*. First, if we assume that a change in the Federal minimum is one with some broad coverage, an increase in the going price of teen-age labor should evoke some response on the supply side, since there is no evidence that the supply of teen-age labor is infinitely inelastic.[6] Indeed, if the going price for teen-age workers rises and the supply of labor has some positive slope to it, we should expect to find higher unemployment rates even in the absence of a change in the quantity of labor demanded.

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[3] One such exception, for example, is the paper by William J. Shkurti and Belton M. Fleisher, "Employment and Wage Rates in Retail Trade Subsequent to the 1961 Amendments of the Fair Labor Standards Act." *The Southern Economic Journal*, Vol. XXXV, No. 1 (July, 1968), pp. 37–48.

[4] George J. Stigler, "The Economics of Minimum Wage Legislation," *The American Economic Review*, Vol. 36 (June 1946), pp. 358–365.

[5] Milton Friedman, *Price Theory: A Provisional Text*, Aldine Publishing Company (Chicago: 1962), p. 190.

[6] The impact on the supply side refers both to workers already in the market who seek additional work, and workers outside the labor force who now enter it to seek higher paying work.

Another difficulty in examining the unemployment rate is that changes in the quantity of labor demanded may cause changes in the supply of labor. Thus, if employment declines cause people to either leave or enter the labor force, i.e., a discouraged or additional worker effect, the unemployment rate will not yield a very good estimate of the disemployment effects of the change in the minimum wage.

Obviously, if the only factor tending to change the labor force participation rate were changes in the demand for labor the last problem would be a trivial one. Yet it is exceedingly difficult to determine what the precise contribution of disemployment has been to changes in labor force participation in a world where, for example, educational attainment is dramatically being increased among teen-agers, where black teen-agers particularly have moved, both from rural to urban areas and from the South to other parts of the country, and so on.

Since a change in the minimum wage acts directly on the quantity of labor demanded, one additional supply consideration obfuscates any time-series analysis of its relationship to the unemployment rate, particularly for teen-agers. While the total non-institutional population 16 years and older grew by 19.4 percent from 1954 to 1967, the teen-age population (16–19 years) of male whites, female whites, male non-whites and female non-whites grew respectively by 63.3, 61.1, 78.8, and 71.6 percent. This suggests that if unemployment among teen-agers was not to grow substantially over this time, the relative number of job opportunities opening up for teen-agers would have had to grow by three to four times that for the rest of the population, assuming no change in labor force participation. Indeed, it seems hard to avoid concluding that some portion of the unemployment problem for teen-agers is directly attributable to the tremendous growth in their numbers vis-a-vis the population and labor force, 20 years and older. This is reflected in Table 2, together with the obviously substantial employment gains made by this rapidly growing teen-age population. Columns 1 to 4 reflect the substantial population growth for teen-agers, particularly non-white teen-agers, relative to the population 20 years and older. Columns 5 to 8 indicate employment and employment creation for the various demographic groups examined. The somewhat different

TABLE 2

	POPULATION (in thousands)				EMPLOYMENT (in thousands)			
	1 Absolute 1954	2 Absolute 1967	3 Change Col.2– Col. 1	4 Percent Change Col. 3/ Col. 1	5 Absolute 1954	6 Absolute 1968	7 Change Col. 6– Col. 5	8 Percent Change Col. 7/ Col. 5
Male White, 16–19	3,816	6,260	+2,444	+64.0%	1,724	2,908	+1,184	+68.7%
Male White, 18–19	1,886	3,137	1,251	66.3	953	1,589	636	66.7
Female White, 16–19	3,744	6,030	2,286	61.1	1,355	2,287	932	68.8
Female White, 18–19	1,853	3,025	1,172	63.2	869	1,413	548	63.1
Male Non-white, 16–19	528	944	416	78.8	261	346	85	32.6
Male Non-white, 18–19	262	455	193	73.7	151	212	61	40.4
Female Non-white, 16–19	549	942	393	71.6	135	238	103	76.3
Female Non-white, 18–19	270	455	185	68.5	80	162	82	102.5
All 16–19	8,637	14,176	5,539	64.1	3,475	5,780	2,305	66.3
Male White, 20 and over	46,423	52,406	5,983	12.9	36,123	40,503	4,380	12.1
Female White, 20 and over	48,094	56,304	8,210	17.1	14,755	22,052	7,297	49.5
Male Non-white, 20 and over	4,992	5,919	927	18.6	3,511	4,356	845	24.1
Female Non-white 20 and over	4,613	5,344	731	15.8	2,244	3,229	985	43.9
All 20 and over	104,852	121,264	16,412	15.6	56,633	70,140	13,507	23.9

Source: Employment Data—Same as Table 1. Population—Current Population Reports, *Population Estimates,* Series P-25, Nos. 311 and 385, The Bureau of the Census.

experience for groups 18–19 from those aged 16–17 warrants distinguishing them in the table.

If one should use as a criterion of labor market success over time the number of employment opportunities taken, it appears that the teen-age population has done extraordinarily well vis-a-vis its adult counterpart. And especially noteworthy are the very substantial gains made by non-white female teen-agers, who have increased their employment by over 76 percent in 14 years, for an annual average compound gain of 4.1 percent. Among teen-agers, the slowest employment gain, 32.6 percent or 2.1 percent per annum compounded, was registered by teen-age non-white males, the group which had the largest growth in population. Nevertheless, this growth in employment considerably exceeded that gain made by the total adult population, for whom employment has grown at an annual average rate of 1.5 percent compounded.

The purpose of the foregoing discussion is not to attempt to paint in a rosy hue the labor market condition of America's teen-age population. Rather, it is simply to indicate that some substantial gains in employment have been made, when viewing the problem solely in terms of demand characteristics, as an analysis of the minimum wage should. Moreover, when examined in terms of employment change, a rather substantial differential exists by sex within the non-white category, and it is noteworthy that non-white females have been acquiring jobs more rapidly than have either male or female whites. Thus, in the face of an unemployment rate in 1968 of 28.8 percent for non-white females, 16–19 (33.7 percent for those 16–17), a rate well above that in 1954, an analysis which purports to explain this change only in terms of changes on the demand side would appear to be misleading.

Another way to demonstrate this can be seen from the findings shown in Table 3 where the ratio of employment to population is calculated for the four teen-age categories. Note that the ratio of employment to population rose, albeit slightly, for both white males and females, and held virtually unchanged for non-white females.[7] Thus, despite a sizeable growth in population, for three of the four teen-age groups employment rose at about the same rate, preventing a decline in the employment-population ratio except for non-white males.

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[7] It should be noted that there was an increase in the ratio for the adult, non-institutional population over the same period—from 53.8 to 55.8 percent.

Columns 5 and 6 of Table 3 contain some hypothetical calculations. Table 2 indicated that the growth of population among non-white teen-agers was greater than for whites. Assume that the population of non-white males (females) had grown over this period by the same rate that it did for white teen-age males (females). In such an event, the population of teen-age non-white males and females would have been 866,000 and 884,000, respectively, and the employment-population ratios would have been .390 and .261. Thus, unless one argues that a Say's Law applies beyond some very limited degree, i.e., the growing supply of non-white teen-agers increases employment opportunities for them, the ratio for females rises over that of 1954, but it still declines sharply for males, although less than suggested in column 3.

One may conclude that some significant share of the problem of teen-age unemployment is attributable to supply phenomena, and that the demand for teen-age labor has been growing at a fairly substantial rate, except perhaps in the case of non-white males. Thus, the differential impact of the minimum wage must be explored within this context. The point need no longer be pressed that the unemployment rate, which is strongly influenced by supply considerations, is not an appropriate measure of the impact of the minimum wage on the demand for labor. The basic question remains whether a change in the minimum wage affects the demand for teen-agers more than the demand for other workers.

TABLE 3

	1 White Male 16–19	2 White Female 16–19	3 Non-white Male 16–19	4 Non-white Female 16–19	5 Non-white Male* 16–19	6 Non-white Female* 16–19
Employment 1954	1,724	1,355	261	135		
Employment 1967	2,856	2,265	338	231		
Population 1954	3,816	3,744	528	549		
Population 1967	6,260	6,030	944	942	866*	884*
Employment/ Population 1954	0.452	0.362	0.494	0.246		
Employment/ Population 1967	0.456	0.376	0.358	0.245	0.390*	0.261*

* Hypothetical. See text.
Source: Same as Table 2. Employment and population are in thousands.

That marginal workers are systematically affected more by minimum wage rate changes than are non-marginal workers has long been argued. Teen-agers in general and non-white teen-agers specifically are cited as examples of such marginal types who have been most seriously affected. Friedman states, for example,

> . . . it is a fact—an unfortunate fact— . . . that Negro youngsters are less productive than white youngsters. They tend to have a lower level of education, a lower level of skill. Therefore, if there were no minimum wage, Negro youngsters on the whole would not be able to earn as high a wage as white youngsters—and so they are more likely not to be hired when the minimum is raised. We get much the same situation when we compare two other groups with different levels of skill, teen-agers and adults.[8]
>
> The fact is—it can be demonstrated statistically—the minimum wage rate is a major cause of Negro teen-age unemployment. Of all the laws on the statute books of this country, I believe the minimum wage law probably does the Negroes the most harm.[9]

METHODOLOGY

Certainly, some of the earlier findings here, particularly the comparison of employment growth for non-white teen-age girls (presumably the most marginal of the marginal groups) to all other groups raises some doubts about some of these statements. To test the hypothesis that there are differential effects on teen-agers, the following general specification was tested:

1) $\text{Log } E_T = a + b_1 \text{ Log } E_A + b_2 \text{ Log } T + b_3 D + u$

E_T = Employment level for each of the four teen-age categories
E_A = Employment level for all persons, 20 years and older
T = A trend variable
D = A dummy variable representing a period where the minimum wage was raised
u = Error term

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[8] *The Minimum Wage: Who Really Pays?* An Interview with Yale Brozen and Milton Friedman, The Free Society Association, Inc. (Washington, D.C.: 1960), p. 13.

[9] *Ibid.*, p. 11.

This equation should not be construed to suggest that the level of employment of adults *causes* the level of employment of some teen-age subset. Rather, given some stable and significant relationship between the number employed in the two classes, we can insert a dummy variable for specific periods and determine whether some significant change occurs in this relationship. We insert a dummy variable which takes a value of one in periods of change in the minimum, and zero in other periods. Thus, for example, we can write:

2) $E_T = a + E_A$

3) $E_T = (a + b_3) + E_A$

When a change in the minimum occurs, $D = 1$, and E_T is raised or lowered by some amount. Note that if the minimum change affects adults and teen-agers in more or less the same degree, E_A is altered, as is E_T, and the dummy variable is of no significance. If the minimum has more of an impact on teen-agers than on adults, the value of b_3 will be negative and significant.

The trend variable is included to reflect the secular change in the relationship between adult employment and that for each teen-age group. If this paper were an attempt to explain this relationship, the use of a trend variable would serve only to mask what was to be explained. Since our purpose is less ambitious, and since there is evidence of a trend in the employment data, we can justify the use of this expedient.

Two basic sets of regressions were run. Quarterly data were used in one set and monthly data were used in the other. In both cases, seasonally adjusted estimates were used. The critical choice of time periods to measure the effect of a minimum wage change was somewhat arbitrary. For the quarterly estimates, the dummy variables were given a value of 1 in the calendar quarter in which the change took place, and in the quarter immediately following this. For the monthly estimates, in the month preceding the change, the month in which the change occurred, and the subsequent 4 months, the dummy variable was assigned a value of 1, and other months a value of zero. This is consistent with the view that a change would have some impact even shortly before the change in the law, as employers prepare themselves for it.

Employment data using the revisions made since the 1967 changes in definitions are available from January 1954. From then until

December 1968 there have been 7 major changes in the Fair Labor Standards Act. Some of these were largely changes in the rate, while others represented new coverage and the extension of some rate to these newly covered industries. The 7 basic changes occurred March 1, 1956, September 3, 1961, September 3, 1963, September 3, 1964, September 3, 1965, January 1, 1967, and February 1, 1968.

The regressions were estimated on observations that were entered in log form for two reasons. First, it does not constrain us to a simple linear relationship. This is important both in terms of the trend variable, and also because of the E_A variable. Given that some supply constraint could prevent E_A from rising substantially at some point, even as the demand for labor is increasing, a curvilinear relationship would appear to be more justifiable than a simple linear one. A second advantage of estimating our parameters in log-log form is that they are the estimates of elasticity between each of the independent variables and the dependent variable.

The results from the regressions run on the quarterly data are shown in Table 4. The employment and trend terms are highly significant for all four of the teen-age classes. Teen-age employment is highly elastic with respect to employment for all persons, 20 years and over. For example, a 1 percent change in employment of persons 20 years and above is associated with an employment change of over 4 percent for teen-age non-white females.

None of the dummy variables in Table 4 is statistically significant. The dummy variable for the teen-age non-white female class, how-

TABLE 4

Regression Coefficients and t Values for Quarterly Data

Teen-age Class	Constant	Log E_A	Log Trend	Dummy	R^2
White Male	−30.53	+3.473	−0.047	+0.010	0.95
		(18.75)**	(3.92)**	(0.71)	
White Female	−29.50	+3.356	−0.043	+0.003	0.94
		(17.22)**	(3.40)**	(0.21)	
Non-white Male	−30.58	+3.313	−0.129	+0.009	0.81
		(13.06)**	(7.74)**	(0.48)	
Non-white Female	−41.88	+4.289	−0.132	+0.054	0.81
		(11.24)**	(5.29)**	(1.94)	

t values in parentheses.
* Significant at the .05 level.
** Significant at the .01 level.

TABLE 5

Regression Coefficients and t Values for Monthly Data (Seven Dummy Variables)

Teen-age Class	Constant	Log E_A	Log T	D_1	D_2	D_3	D_4	D_5	D_6	D_7	R^2
White Male	−29.36	+3.369	−0.041	+ .000	+ .024	− .019	− .008	+ .058	+ .061	− .003	.94
		(28.21)**	(5.77)**	(.02)	(1.23)	(1.00)	(.43)	(2.98)**	(3.06)**	(.16)	
White Female	−26.72	+3.013	− .031	− .042	+ .023	− .033	− .045	+ .024	+ .093	+ .044	.93
		(24.93)**	(4.18)**	(2.09)*	(1.17)	(1.68)	(2.25)*	(1.19)	(4.49)**	(2.05)*	
Non-white Male	−28.14	+3.096	− .104	+ .093	+ .040	− .078	− .056	+ .032	− .001	+ .050	.75
		(17.13)**	(9.67)**	(3.19)**	(1.38)	(2.70)**	(1.95)	(1.10)	(.040)	(1.64)	
Non-white Female	−36.21	+3.772	− .878	+ .196	+ .085	− .079	− .036	− .068	+ .152	+ .176	.78
		(14.88)**	(5.85)**	(4.82)**	(2.08)*	(1.96)	(.87)	(1.64)	(3.59)**	(4.08)**	

t values are in parentheses.
* Significant at the .05 level.
** Significant at the .01 level.

ever, is almost significant at the .05 level, but it is positive, indicating that employment for this group tends to rise during and following the quarters when changes in the act occur. Indeed, this somewhat unexpected finding is repeated in our other regressions.

Tables 5 and 6 are derived from regressions estimated using monthly data. They differ in that Table 5 contains a separate dummy variable for each separate change in the law. Table 6 contains only a single dummy variable, which is applied for any of the seven changes.

The results from Table 5 show mixed findings, with 15 of the 28 dummy variables not sigificant at the .05 level. Several of the significant dummy variables are positive, particularly in the case of teen-age non-white females. Dummy variables 3 and 4 are negative in every instance, significantly so in two cases, and close to significant at the .05 level in two other cases. Dummy variable 3 refers to the change in September 1963 when the minimum went from $1.15 to $1.25. Dummy variable 4 refers to the September 1964 increase from $1.00 to $1.15 per hour for all workers newly covered in the amendment to the act in 1961. Interestingly, larger absolute and proportional changes occurred both prior to and since these revisions were made.

The results shown in Table 6 fill out the pattern that emerges from Tables 4 and 5. None of the dummy variables is significant with the exception of a positive one for teen-age non-white females,

TABLE 6
Regression Coefficients and t Values for Monthly Data
(One Dummy Variable)

Teen-age Class	Constant	Log E_a	Log T	Dummy	R^2
White Male	−29.98	+3.426 (30.31)**	−0.042 (6.09)**	+0.014 (1.64)	.93
White Female	−28.61	+3.277 (26.34)**	− .035 (4.62)**	+0.004 (0.43)	.91
Non-white Male	−28.76	+3.154 (18.02)**	− .111 (10.35)*	+0.015 (1.14)	.72
Non-white Female	−39.04	+4.036 (15.42)**	− .108 (6.71)**	+0.061 (3.05)**	.71

t values are in parentheses.
* Significant at the .05 level.
** Significant at the .01 level.

the group that has had such a striking improvement in employment over the past 15 years. This group has the highest elasticity of employment with respect to the employment of all adults.

CONCLUSIONS

The findings that can be reported from these regressions are ambiguous, but this lack of clarity is itself noteworthy. A strong, consistent, negative employment effect, vis-a-vis adult workers, is not evident. Indeed, in several cases it appears that teen-agers are less affected by minimum wage changes than are adults, particularly in the case of non-white females.

Those who remain convinced that marginal workers are most severely affected by changes upward in the law will point to several problems in the above analysis. Obviously, if the change has an impact that is felt only with some substantial lag, and after some initial delay, the specification above cannot capture this. An entirely different framework would be needed to test for such an effect.

Another possible hypothesis is that only covered (or potentially covered) teen-age workers are more seriously affected than adult workers. Thus, given that a higher proportion of teen-age workers are (or potentially are) employed in non-covered employment, it is possible that in some cases adults are more seriously damaged by a change in the law than are *all* teen-age workers. This would cover those cases where the dummy variables were clearly positive in value. This would probably also be consistent with the positive dummy variable in most instances for the group most likely clustered in non-covered employment, teen-age non-white females.

A problem with this restatement of the hypothesis that only covered marginal workers are most seriously affected is that coverage has been expanded over the period observed. Yet, there is no evidence from Table 5 that the later changes in the law, as compared to earlier ones, had a more deleterious effect on teen-agers, relative to all adults.

Can we conclude that the act, or a change in the act, is basically neutral without regard to the separate subsets that compose the labor market? Solely in terms of the short run, our findings are a qualified yes. Although some cases have been noted where changes had a more substantial impact on teen-agers than adults, the reverse has also been found, particularly for non-white females. But it can be argued that a more subtle, long-run problem does create problems for teen-agers. Earlier, it was observed that a very substantial increase in the supply of teen-age persons has occurred over the past 15 years, compared to the growth of workers, 20 years and older. This situation would suggest a decline in wages paid to teen-agers, relative to wages paid to adults. This does not necessarily mean an absolute decline in teen-age wages, given such factors as rising productivity, changes in costs-of-living and so on. Nevertheless, a rising minimum wage can prevent the teen-age wage from moving down to adjust for the rapid growth in supply in that labor market. In the absence of the minimum, the more rapid growth in supply of the younger groups could encourage factor substitution, younger workers replacing adults, which may now be limited. To some extent, however, the very rapid expansion of employment of teen-agers over the past 15 years suggests that this process has been occurring even in the presence of a rising minimum.

POLICE PERSONNEL PROBLEMS, POLICE UNIONS, AND PARTICIPATORY MANAGEMENT

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Given satisfactory assurance of an effective prohibition on strikes, most people in theory are willing to grant to public employees the same protected rights with respect to organization, recognition, and bargaining now accorded to workers in the private sector. However, I notice that there is less certainty when the question is raised as to whether municipal police officers are entitled to similar protection.[1] Apparently there is some feeling that unionization in the sense of affiliation with organized labor would conflict with the officer's sworn duty to impartial enforcement of the law by putting him in a position where he might be tempted to compromise one loyalty with another. An accommodation to this position can be noted in state statutes which limit the definition of an acceptable police employee organization to independent police-only associations. Another objection to police unionism is that the extension of recognition and bargaining rights (and presumably the grievance procedures which would arise from the exercise of these rights) would be inconsistent with the discipline necessary in a quasi-military organization and that consequently the public safety would be undermined. In short, the conventional wisdom seems to be that law enforcement personnel should be treated as the special or limiting case in the study of public sector collective bargaining.

The purpose of this paper is to suggest an alternative to this conventional wisdom. This alternative can be stated simply: Given the nature of the personnel problems in the police service and the inherent problem solving capacities of the collective bargaining

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[*] I am indebted to Herman Goldstein and Richard U. Miller for their comments on an earlier draft of this paper.

[1] While this paper is about police unions and collective bargaining, the question is not whether police unions should exist (at least 70 percent of all cities over 50,000 population had a police employee organization in 1968) or whether cities should bargain with their police unions because my own research shows that at least one third of the cities mentioned above were doing so in 1968; rather the question is whether state legislatures should sanction this behavior [6].

process, a policy favoring full collective bargaining rights for the police would be in the public interest.

Please note that in stating this proposition I have not started with an assumption that there exists a set of rights in the private sector which ought to be transferred with certain modifications to the public sector. Rather I have started with the proposition that it would be in the public interest to extend these rights. In effect I am suggesting that it would be appropriate to use the same test with respect to the police that we used when these rights were originally conferred upon employees in the private sector in 1935—Is it in the public interest? To answer *this* question we will need to arrive at some definition of the public interest as it applies to the provision of police services.

THE PUBLIC INTEREST IN POLICE PERSONNEL PROBLEMS

I think all of us would agree that the public has a high stake in a competent, well-trained and experienced police force. We have seen time and again that the exercise of the police function on the street is potentially one of the most inflammatory aspects of the urban scene today. To properly analyze the public interest in the policeman's role, however, it is necessary to look at the two major aspects of the police function: the enforcement of criminal laws, and the maintenance of order and safety [18, 19].

The policeman enforces the criminal law by arresting violators and engaging in patrol activities designed to prevent violations. While people view this as his main function, the greatest part of citizen-police contact is actually outside the framework of this system. More importantly, even where the potential for invoking the criminal justice system exists [2] an officer on the street may decide to overlook an offense in the larger interest of maintaining order.

Selective enforcement is one way in which the officer fulfills his order and safety function. By analyzing "signals" from the command staff of the department and the society at large against his knowledge of his beat and his personal background, training and predilections the officer determines what the "proper" level of law enforcement is for his beat. How he makes these decisions (whom he stops or doesn't stop; to whom he issues citations or doesn't issue citations, and the extent to which he decides a given law should be enforced) and the manner in which the citizen contact is handled (his attitude toward the civil liberties of individuals, the quality of his treatment of them, whether he engages in illegal entry or improper search and seizure) can create an environment favorable or unfavorable to order and safety.

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[2] The criminal justice system is usually understood to include the role of the police agency in enforcing the criminal law and apprehending offenders; the role of the prosecutor in deciding whether to invoke the process by making a charge and subsequently prosecuting the case; the role of the courts in determining guilt or innocence; and the role of the penal system in rehabilitation or incarceration.

The officer's job is complex and sensitive and yet despite the semi-military structure and attitudes of the department, his citizen contact is largely unsupervised. Given this lack of supervision and the importance of an enlightened exercise of discretion, it would seem that the public interest would best be served by having those people most sensitive to the role of the police in a democratic society recruited for, trained for, and retained in those police activities (most notably patrol) which involve citizen contact.

There are however, a number of factors inherent in the nature of the job as now constituted which are counter-productive to this interest. First, while the police officer's job calls for a wide range of skills to be exercised in short bursts of energy, the bulk of his work can be classified as repetitive and monotonous or dangerous and undesirable [1]. For the man who saw the patrolman's job as only an entry level position which would lead to promotion in due course, the job can become quite unattractive when he realizes that he is not going to be promoted [11, 18, 19, 22].

The promotional system too can operate counter to the public interest. Since a patrolman reaches the maximum of his salary range early in his career, in the first three to five years, there is an incentive for everyone to seek promotion regardless of qualification. Promotions are available to the rank of detective—an investigative function, or sergeant—an administrative, supervisory function. This limited choice has the unfortunate effect of directing the most competent people away from the patrol function and perhaps also pushing people into investigation or supervision who would have been more ideally suited for patrol. Moreover, because the maximum salary level is reached early, for the man who finally realizes he is not going to be promoted there is no countervailing economic incentive to stay at that point where the propensity to resign may be greatest. Since there is no mobility between departments except at the entry level or the level of "chief" (because of a universal tradition against lateral entry) the dissatisfied officer either retires from the department or "retires" on the job while serving out his twenty years.

In summary, to be performed successfully the job of police officer requires highly educated and sensitive, well-trained individuals. However, the compensation structure, lack of career opportunities in patrol, limited promotional opportunities and lack of mobility create incentives which draw the best people away from patrol, perhaps misdirect some into administration or investigation, and fail to provide financial motivation for those nearing the end of their careers.

SOME ALTERNATIVE STRATEGIES

There are no simple answers to the problem of improving the quality of police-citizen contact on the street. It has been suggested [12, 15] that higher education standards be established for police work (to include at least some college level courses) and that salaries be adjusted accordingly so that these people would be attracted to the department. It is felt that in this way we could recruit a patrol force more cosmopolitan in its outlook, better equipped to view urban problems in their broader context and better prepared to exercise their discretion within this broader framework. Similarly, it has been suggested that recruit training be implemented [12, 15] and where it exists be revised [9, 11] so that what the patrolman learns at the academy will more closely reflect conditions on the street and the real rather than the idealized nature of the job. Unfortunately it has also been shown [8, 10] that raising the level of education of recruits to an organization or the level of expectations of an individual with respect to his status in the organization without changing the actual degree of responsibility, authority, or participation of the individual in that organization is dysfunctional. In short, the net effect of more education or better training would be to intensify the types of conflicts which already exist between the individual and the organization [9].

A third alternative, closer supervision designed to enforce stricter adherence to regulations and procedures, is also subject to the same criticism. An increased level of supervision would only reinforce the existing conflict between the image of professionalism conveyed at the academy and the rigid authoritarianism of the semi-military organization in the field.

Since there is no chance that the semi-military structure of the police organization will be changed as long as it is defended as the structure optimal for an organization which must occasionally function as a body (in fact the Kerner Commission [13] and the Walker Report [14] both called for more rather than less organization for this purpose) we must seek a solution which is compatible with this framework.

One alternative which would eliminate the incompatibility between increased education and training and the current structure of the job is the concept of job enrichment . . . an expansion of the limits of the patrolman's job description and obligations. Implementation of a program of this type would not involve structural change, only an attitudinal shift. It builds on an idea contained in the report of the President's Commission on Law Enforcement and Administration of Criminal Justice and a version of it has been partially field tested in two New York City precincts. The proposal is this: Given that the patrol officer is on the street 24 hours a day and given that he is in a position to perform myriad service functions to the public (many of which he now performs informally and without official recognition [11]) we should formally incorporate this potential into the job description and revise the reward structure accordingly.

The concept of job enrichment in the service sense is appealing because it provides need satisfaction for the individual whose service function would be recognized and it provides a needed service to inhabitants of low income ghettos. A social service approach might also help reduce tensions by changing the citizen's perception of the patrolman from one of an establishment representative there to enforce the *status quo* to an image of a government servant there to help cope with the problems of an urban environment. This concept is not inconsistent with the crime fighting goal or organization structure, and yet it provides a positive area in which the better trained, better educated officer could engage in a broad range of worthwhile activities largely setting his own goals and evaluating his own performance.

This concept of job enrichment has been tested on a small scale in New York City in a project involving Family Crisis Units in two precincts.[3] In its broadest form this program involves a concept tentatively labeled the generalist-specialist. It envisions the day when each patrolman in addition to his regular skills as a police officer is specially trained in some aspect of social service and available to aid on calls involving his specialty. The officer, however, is not a specialist in the sense that he is removed from regular patrol duty; hence the generalist-specialist label.

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[3] Morton Bard of the City University of New York conducted this study under a grant from the Law Enforcement Assistance Administration. He is currently extending the concept of the generalist-specialist to a group of beat patrolmen in New York Housing Authority Projects.

The President's Commission report took another approach to job enrichment. It called for a college educated Police Agent who would be the top patrol officer (above the Community Service Officer and the Police Officer). "The crux of the agent concept is that the best officers in a department should be used flexibly to confront problems placing the greatest demand for talent upon police personnel" [15, p. 122].

A slightly different version—one that stays within the traditional police function—is that currently being tried in Winston-Salem, North Carolina. Normally a patrolman who comes upon a crime scene is required to call in the appropriate specialized bureau to handle all the details subsequent to discovery, leaving the officer little to do but observe. Under the Winston-Salem program a patrol officer is routinely circulated through these various specialties and returned to patrol duty. Consequently when a crime occurs he is able to handle much of the police work himself before calling in the specialists. Common to all three of these programs is the fact that each adds flexibility to the job description and formally recognizes a degree of autonomy. The result is a situation more consistent with the professional self-image a recruit brings with him from the training academy.

SOME CONCLUDING REMARKS

Earlier in this paper I raised a question as to what might be the public interest as it applies to the provision of police services by the municipal government. I have attempted to show that the nature of the police function is such that the public would best be served by having those people most sensitive to the role of the police in a democratic society recruited for, trained for and retained in those police activities which involve citizen contact. However, in our discussion we found that there were a number of factors indigenous to the police function and to the structure of the police agency which in fact produced a result opposite to the one we were attempting to promote. We then discussed a number of ways in which these obstacles might be overcome and concluded that some form of job enrichment would produce an acceptable result.

Unfortunately, any plan of job enrichment introduces change into the organization and potentially threatens the perceived job security of current employees. The changes proposed here, for example, would require the agency to formalize the social service component of the job, restructure the reward system and the compensation profile, and probably require additional training for all officers. Such changes would certainly evoke an initially negative response from within the department and the agent of that opposition would likely be the police employee organization representing the rank and file.

As students of industrial relations I am sure that we all recognize in this situation the general form of the problem for which we often propose free collective bargaining as the most desirable solution. We can justify this recommendation on theoretical grounds in the sense that the implementation of change is best achieved when those affected by the decision participate in the decision-making process [2, 8] and empirically by citing the successful implementation of change in analogous situations such as West Coast Longshoring, the Kaiser Savings Plan, and the Armour Automation Committee [3, 21]. There is also evidence to suggest that this potential has carried over to the public sector as well [16, 17, 20]. It is in the context of these proposed changes and the demonstrated ability of collective bargaining to cope with change that I have suggested that collective bargaining for police officers has a contribution to make to the public interest.

The time limitation imposed on these papers makes it impossible to discuss at length other aspects of this question such as the fact that bargaining and unionism may lead to strikes or that affiliation with a trade union may lead to problems of dual loyalty. For example, the International Association of Chiefs of Police, the professional organization of police agency administrators, opposes police unionism [4] and while recognizing legitimate grievances and wage and fringe benefit concerns of the rank and file, it urges its members to work *with* local, independent police-only employee organizations but not to extend recognition or engage in arms length collective bargaining [5]. The evidence shows however that the Chiefs' three objections to police unionism would be equally valid whether they pursued their official policy of co-optation or engaged in arms length bargaining. A glance at the police *strikes* and job actions reported over the last 4½ years by BNA, for example, shows that the major causes have as expected been refusal to grant recognition, refusal to bargain, and refusal to move on a neutral's recommendation.[4] Similarly with respect to the issue of *professionalism*: no police organization including the IACP has made any significant commitment to a literature, standards, or mobility so it is not likely that unionism would make the situation any less professional. However, the question of *dual loyalty*—of a strong economic organization becoming a vocal political organization, is a situation which the chiefs have faced in cities such as Detroit, Boston, and New York.

In the absence of any type of bargaining relationship police associations have long gone to local councils and state legislatures in order to affect the level and substance of their wages and fringe benefits. What distinguishes the current situation is that police employee organizations cognizant of the power they have derived from the "law and order" issue have not only moved boldly into elective (as distinguished from legislative) politics but they have also gone into the public arena to challenge the law enforcement policies and decisions of the mayor's office and the command staff of the department. Where to draw the line with respect to First Amendment rights is a topic clearly beyond the scope of this discussion. However, it is relevant to point out that the problem of dual loyalty has arisen not in the context of AFL-CIO unionism as the IACP feared, but rather in the context of police-only local independent associations.[5]

On the positive side of the ledger collective bargaining for the police has directly or indirectly led to several developments which I view as favorable: grievance procedures with binding arbitration;

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[4] In discussions of strikes in the public sector the police and fire services are always thrown together as the two areas in which strikes are completely unacceptable. In fact, the two cases can be distinguished. In the short run the deployment of the national guard would prove an adequate substitute for the police role in the maintenance of order and safety; a similar short run substitute for fire protection is not available on a sufficient scale.

[5] One might speculate that the public relations cost to a trade union of illegal or improper action on the part of a police local union affiliate would cause the trade union to exert a moderating influence on the local which might not be forthcoming from a police-only federation. An example of this behavior can be seen in the action of the AFSCME which revoked the charter of its Lockport, Illinois police local for engaging in a June, 1967 work stoppage.

education incentive plans which reward educational achievement beyond high school; unit determinations by State agencies which have forced police agency administrators to begin to think in terms of managers and employees rather than in terms of "we the police against the rest of the community"; and finally, some movement toward disruption of the traditional parity between police officers' and firefighters' salaries.

The conventional wisdom would have us treat the police as a special or limiting case in which employee rights to organization, recognition, and bargaining are to be more circumscribed for them than is the case for public employees generally. I have attempted to show that a more reasonable test than rights might be to consider the public interest. Although I personally have been particularly interested in the potential for collective bargaining in the police service, I have also attempted to show here that there are problems which should be of interest to organizational theorists and those with interests in personnel and manpower problems as well. Hopefully more people will come to recognize the potential for research in this area and begin to look more deeply into these problems. This too would be in the public interest.

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SURVIVOR BENEFITS: THE EXPERIENCE OF DEPENDENT SURVIVORS OF UAW MEMBERS

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In a work-oriented society with generally high aspirations and living standards linked to the receipt of regular and continuing income, American workers are understandably concerned with measures for the protection of their survivors in the event of death. The growth of social insurance programs, accompanied by a vast expansion of private individual and group insurance suggests the magnitude of our national commitment to pre-planned survivor protection.

While public and private provisions for aiding survivors have expanded tremendously in recent years, resulting in the distribution of more than $13 billion dollars in survivor benefits under Social Security and private individual and group insurance arrangements in 1967,[1] knowledge of the utilization and efficacy of such benefits in the real life situations of beneficiaries has not grown correspondingly.

Aims and Methods

This paper summarizes some of the findings and implications of a study of the adequacy and efficacy of the private (individual and negotiated) and public survivor benefits applicable to dependent survivors of many UAW members who died in 1963 and 1965. The report is based on data derived from interviews (in the Spring of 1966) with survivors of deceased Detroit area male UAW members who had been employed by General Motors, Ford or Chrysler ("Big Three"). Implications for survivors of other workers are also considered.

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* Messrs. Loren and Solenberger served as consultants to the Michigan Health and Social Security Research Institute, Inc. (MHSSRI).

The views expressed do not necessarily represent those of the UAW or the MHSSRI.

The research reported was financed in part by a grant from the Social Security Administration, U.S. Department of Health, Education and Welfare, Washington, D.C. The full report of the study, *Survivor Benefits: A Study of UAW Members and Their Survivors*, is available ($3.00) from the Michigan Health and Social Security Research Institute, Inc. (8000 East Jefferson Avenue, Detroit, Michigan 48214) sponsor of the study.

Melvin A. Glasser, Paul [illegible] and Thomas Barker contributed significantly to the study design and implementation. Their contribution in no way conveys liability for the authors' errors of omission or commission.

[1] *Social Security Bulletin*, "Annual Statistical Supplement, 1967," Table 8 and *Life Insurance Fact Book*, 1968, p. 32. Social Security data (latest available) cover OASDHI, Workmen's Compensation, Railroad Retirement, Federal Civil Service and Veteran's benefits.

The major aim of the study was to describe and evaluate the economic consequences of the workers' deaths on their survivors. Identification of worker and survivor characteristics and personal adjustment problems of survivors as well as survivor utilization of professional and other counseling resources in dealing with such problems, were additional aims of the study.

In examining the economic consequences of the workers' deaths, the study focused first on determining whether immediately available survivor benefits (typically lump sum payments) were sufficient to meet the survivors' immediate adjustment needs. The focus then shifted to determining the extent to which the total income of surviving dependents (from all sources) was adequate to meet their ongoing financial needs.

The problem of dependents' ongoing financial adjustment was evaluated by comparing survivor family income with a budget standard for a "modest but adequate" level of living. The standard, referred to in the study as the Detroit City Worker's Family Budget (DCWFB), was adapted from the City Worker's Family Budget (developed by the Bureau of Labor Statistics) to reflect Detroit prices and expenditure patterns at the time of the interview.[2] The budget includes allowances for daily living expenses such as food, housing, clothing and medical care.

The DCWFB measure combines in a single value, the cost of a stated ("modest but adequate") level of living, varied according to size of family and age of family head and children. Use of a DCWFB relative score, i.e., the relation of a surviving unit's reported income to the DCWFB budget value for families of that size and type, permits a more accurate evaluation of income adequacy than merely considering raw income data (which were also considered).

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[2] For discussions of the concepts involved and basic budget values, see: Helen H. Lamale and Margaret Stotz, "The Interim City Worker's Family Budget," *Monthly Labor Review*, (August, 1960), pp. 785-808, and [illegible], "Technical Note: Estimating Equivalent Incomes or Budget Costs by Family Types," *Monthly Labor Review* (November, 1960), pp. 1197-1200. For a family of four, the estimated annual income required to maintain the DCWFB Standard ranged from $5489 to $6414, depending on the age of the family head. The DCWFB measure represents the "cost of family consumption"; it omits taxes, life insurance and occupational expenses, and is regarded as a conservative estimate of the income required to maintain a "modest but adequate" standard of living.

It is recognized that the DCWFB standard is an imperfect one. However, the way in which DCWFB "scores" are used in the study is believed generally to provide an underestimate of the number of surviving units *not having* sufficient income to maintain a "modest but adequate" standard of living.[3]

SURVIVOR BENEFITS

In addition to lump sum and monthly income survivor benefits under applicable public programs, auto worker survivors were also protected by negotiated company-paid life insurance and related benefits. Under the 1961 major automobile industry agreements (applicable to 1963 decedents) the workers studied were protected by wage-related amounts of group life insurance ranging from $5,00 to $10,500. In the 1964 agreements (applicable to 1965 decedents) these amounts were increased to encompass a range from $6,000 to $11,500.[4] Also, an additional fifty percent of the face amount of group life insurance was available to survivors (at two of the companies) if the worker's death was accidental. The group insurance proceeds could be taken in a lump sum or in periodic payments or in combination.

Two new survivor benefits were introduced in the 1964 collective bargaining agreements. One of these, designated a "Transition Survivor Income Benefit" of $100 per month for up to 24 months, payable to widows or specified other dependent survivors, was included in the incomes reported by most of the 1965 survivor group when interviewed in 1966. The other, the "Bridge Survivor Income Benefit" payable after expiration of Transition Benefits to a widow or dependent widower over age 50 (but under 60) at the time of the worker's death was not yet applicable in the period covered in the study.[5]

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[3] For most purposes, survivors were considered to fall below the DCWFB adequacy standard only if their reported annual incomes were $500 or more below the indicated DCWFB value. A more current budget, available too late for inclusion in the study, represents a significantly higher cost and standard of living. See *City Worker's Family Budget for a Moderate Living Standard, Autumn 1966*, Bureau of Labor Statistics Bulletin 1570-1, 1967.

[4] See 1961 and 1964 Agreements and Exhibits between the UAW and General Motors, Ford, or Chrysler. Though the agreements differ in detail, except as noted, they are similar with respect to survivor benefits.

Also as a result of the 1964 negotiations, a surviving spouse pension became automatically payable if the worker was eligible to retire when he died. Under this provision, the widow's pension equals approximately half of the basic monthly pension which the worker could have received if he had, in effect, retired on the date of his death.[6]

PRINCIPAL FINDINGS

a) *Population Studied.*

The typical deceased worker in the study was 56 years old at time of his death. He had been employed as an auto worker for over 20 years. Approximately ten percent of the workers were reported as having died as the result of an accident, generally not work related. Among the nine out of ten who died of an illness, heart disease and cancer predominated as causes.

Six out of seven workers in the total population studied left the proceeds of their group life insurance to dependent survivors. For most of the remainder, beneficiaries were closely related but not classified as dependent on the deceased workers at the time of their deaths.

The typical dependent survivor unit was headed by a widow. The widow alone survived in 45% of such cases. Widows were typically less than 5 years younger than deceased workers. Over half of the widows of the 1963 decedents and a third of the widows of workers who had died in 1965, were reported as working at the time of their interview. More than two-thirds of the widows had not completed high school, a factor severely restricting their income potential from work.

Children, where part of the surviving family unit, tended to be teenagers. Only one out of ten families included a child under 13.

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[5] The Bridge Benefit is not payable to a widow receiving Social Security mother's benefits nor after entitlement to Social Security widow's benefits at age 62. The original $100 monthly amount of "Transition" and "Bridge" payments was increased under 1967 major auto contracts.

[6] The Bridge Benefit and the surviving spouse pension would not affect the amount of ongoing income of the 1965 survivors as neither was payable while the survivor was in receipt of the Transition Benefit. These benefits, if payable, continue income beyond the period covered in the study.

b. *Immediate Adjustments.*

Seven out of ten dependent survivors reported private insurance benefits in addition to the deceased workers' group insurance coverage.

For the dependent survivors, the median amount of total lump sum resources "created" by the worker's death was $7,710 (1963 deaths) and $8,610 (1965 deaths). The major component in both years was the group life insurance proceeds—$6,700 in 1963 and $7,160 in 1965.

Exclusive of home equity or debt, approximately 50% of the dependent survivors reported little or no *net* assets or debts (between $1,000 debt and $1,000 assets). Thus, for more than half of the group studied, assets did not constitute a significant resource to meet immediate adjustment expenses, nor was non-mortgage debt a large part of such expenses.

The major single expense item incurred by the survivors was for the worker's burial—median (both years) over $1,500. This exceeded the U.S. median burial costs (1963) by over $500 and even exceeded published estimates of full burial costs "with the trimmings."[7]

For most survivors, due medical charges related to any terminal illness or accident were insignificant (none; or less than $100). These low reported medical bills derive from the relatively comprehensive health insurance applicable to auto workers, a factor that must be explicitly recognized in applying these findings to other groups of survivors.

For all dependent survivor units, median immediate death related expenses (exclusive of providing for any outstanding debts) were $1,640 (1963) and $1,700 (1965). For both years combined, only 6% of the survivors reported such immediate expenses in excess of $3,000.

c. *Ongoing Adjustment.*

Th extent of ongoing survivor financial adjustment necessitated by the death of the wage earner is indicated by reported declines in family income from pre-death levels. For the survivors of 1963 decedents, for example, median annual pre-death family income ($6,900) was above the median for the United States. In 1966, at time of interviews, the reported median family income was $3,250—less than half that reported prior to the worker's death, 28 to 40 months earlier.[8]

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[7] The estimated average cost of a funeral in 1963 was less than $1,000. For a discussion of this estimate see U.S. Congress, Senate Subcommittee on Antitrust & Monopoly, *Antitrust Aspects of the Funeral Industry*, 1967. The 1963 cost of a funeral "with the trimmings" was reported in Ruth Mulvey Harmer, *The High Cost of Dying*, New York, Collier Books, 1963, p. 9.

When interviewed, nearly half of the survivors of 1963 decedents reported annual incomes falling below the DCWFB standard by $500 or more. Though only four to sixteen months had elapsed when the survivors of 1965 decedents were interviewed, more than one out of three of this group of survivors also reported indicated annual incomes more than $500 below the DCWFB budget standard.

Survivors earning work income, or in receipt of monthly Social Security or negotiated "Transition Benefits," though frequently more favorably situated, also reported incomes falling $500 or more below the DCWFB scale in a substantial number of cases.

The finding of presumptive inadequacy of the total "package" of survivor benefits for a substantial portion of all dependent survivors in the study, (even if remaining net assets are utilized to meet ongoing income deficiencies) probably would not be significantly altered for survivors of more recently deceased auto workers. Although benefits have increased since 1966, costs and standards of living have also risen.

d. *Non-financial Adjustment.*

Serious personal and social problems indicating need for better personal and financial counseling services, among other needs, were also apparent from the study findings. Cutting back on social activity, for example, was reported by most widows of decedents from both years studied. In addition, the percentage of children reported as doing "not so well" in school as before their fathers' deaths doubled in the group of 1963 survivors and more than tripled for the 1965 group. Clearly, the children's future and the stability of many of the families studied were threatened by the death of the main wage earner.

e. *Benefit Information.*

In part, some of the survivors' problems may derive from limited knowledge of survivor benefits. Nearly two-thirds of the dependent survivors reported that they did not know that the worker's life insurance could be taken in monthly or annual installments as alternatives to the conventional lump sum payments. (Virtually all survivors elected lump sum payments.) A third of the survivors did not know that an individual's Social Security payments might be reduced by earnings exceeding a statute-defined level.

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[8] The income of survivors of 1963 decedents had presumably become relatively stable. Survivors of 1965 decedents included the Transition credit in their reported incomes. Unless the survivor was eligible for a Bridge Benefit or a survivor pension, her annual benefit income declined by $1,200 following the termination of eligibility for the Transition Benefit.

POLICY IMPLICATIONS

In interpreting the study findings, judgment regarding survivor benefit adequacy is based on consideration of immediate and ongoing survivor needs. It is clear that immediate needs were generally well provided for. In contrast, despite individual efforts at self-help (e.g., widows and other dependents working) and the existence of public and private survivor benefit programs based on "right," a substantial number of survivors lacked ongoing income sufficient to meet what has been defined as a "modest but adequate" standard of living. Even the existence of variable amounts of *residual* lump sum resources (not accurately ascertainable for those failing to meet the "modest but adequate" income standard), if applied to this deficiency, probably would not alter the above picture very much or for a very long period.

Based on the study findings as well as examination of survivor benefit literature, the following observations are offered for consideration by benefit planners and underwriters concerned with future developments in survivor benefit programs covering industrial workers.

1. The existing combination of public and private arrangements for survivor protection falls significantly short of meeting the ongoing economic problems faced by most of the auto industry survivors. Toward meeting the apparent income deficiency, significant liberalization in Social Security benefits and coverage for older widows would have the most widespread effect. Because auto workers' incomes and survivor protection tend to exceed those available to the average industrial worker, the overall inadequacy problem is probably substantially greater than demonstrated in this study.
2. Toward meeting the ongoing economic problems of survivors, more attention needs to be given to the institutional arrangements (public and private) for continuing income benefits

as compared to the provision of lump sum death benefits.

3. Independent of benefit level and structure, the need for better dissemination of benefit information is apparent. In addition, more readily available and effective counseling services are important needs of survivors. Choosing among possible insurance payment options and between these and alternative applications of insurance proceeds in the light of the total family situation are examples of areas in which such counseling services might contribute to a more effective functioning of benefits. Many of the survivors studied had particular need for vocational counseling that might also enable them to obtain suitable training or employment to augment income.[9]
4. The finding that three times as many children of 1965 decedents and twice as many of the 1963 decedents were doing "not so well" as in the period prior to their fathers' deaths, suggests strongly the need for more readily available counseling services for these families. The schools, as well as the Social Security offices and the union (by referral) are possible sources of such services.
5. The recent trend in group life insurance underwriting toward the provision, under a supplement or "rider" to the basic contract, of stipulated monthly survivor income benefits available only to defined classes of beneficiaries (e.g., the UAW negotiated "Transition" and "Bridge" benefit coverages) is evidence of current interest in fresh approaches to survivor protection. The present study offers support to the thesis underlying this trend—that objective bases can be established for directing benefits to specific presumptively "needful" beneficiary categories while retaining the basic insurance principle of payment as a matter of right, without a means test.
6. Though beyond the scope of the present study, such programs as a guaranteed annual income or family allowance,

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[9] It must be remembered, however, that fewer than a third of the surviving widows had completed a high school education. Still, the recent proposal by Professor Daniel Kruger, Michigan State University, before the Michigan House Ways and Means Committee, to provide a specific training allowance for widows, warrants serious consideration in the design of future public and private survivor benefits.

by whatever means determined, would obviously aid many survivors. The extent to which such provisions would have altered the picture presented in the present study and would resolve the problems highlighted (for these and other survivors), would depend on the nature and form of the provisions adopted.

INDUSTRIAL RELATIONS IN THE U.S. MARITIME INDUSTRY AND ITS IMPACT ON MARITIME MANPOWER *

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The U.S. maritime industry is at a crucial stage in its development. Government and industry officials realize that the industry is not a viable one; and policy debates center around the structure of a rejuvenated merchant marine. The research reported focuses on the privately owned U.S. fleet and analyzes a few dimensions of the industry's problem: its military responsibilities; the role of the federal government; the industrial relations setting; the functioning of the maritime labor market; and the impact of these factors on the industry's manpower resources.

THE INDUSTRY IN ITS ENVIRONMENT

The U.S. maritime industry depends heavily upon federal subsidies for its survival. Subsidies are provided to preserve a commercial industry with military value. Direct operational and construction subsidies totalling over $300 million a year are awarded to fifteen shipping companies operating approximately 280 ships on selected trade routes. Nonsubsidized companies are aided by cabotage laws, Public Law 480 and the Military Transportation Act of 1904, as amended in 1946, which reserve the domestic trades for U.S. vessels; provide for ship construction financing; specify that one half of foreign aid cargoes be carried in U.S. flag vessels; and provide for the exclusive carriage of defense cargoes in U.S. bottoms.

Abstracting from wartime periods, the industry is a declining one. In 1949 the U.S. fleet consisted of 3,421 vessels, by 1965 it had declined to 2,449 ships. Over half the fleet is inactive, and the majority of the active vessels are of World War II vintage. The number of jobs also declined from a level of 73,470 in 1949, to 44,997 in 1965. This decline could not but affect the maritime labor market.

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* The research reported in this paper is based on my doctoral dissertation ("Manpower Resources of the U.S. Maritime Industry," Department of Economics, Columbia University, 1968), and was supported by a Doctoral Dissertation Grant from the Manpower Administration, U.S. Department of Labor, under the Manpower Development and Training Act of 1962 as Amended. Points of view or opinions stated in this paper do not necessarily represent the official position or policy of the U.S. Department of Labor.

Although primarily a commercial industry, the merchant marine fulfills a military role during periods of warfare by maintaining a military sealift. The National Defense Reserve Fleet (NDRF) was created at the end of World War II as a means of aiding the industry in these duties. Transport vessels built during the war were deactivated and assigned to this fleet. When the need arises, as it did during the Korean and Vietnam conflicts, these ships are reactivated to enable the industry to continue fulfilling its commercial obligations while undertaking military tasks.

LABOR MARKET ORGANIZATION

Merchant seaman are grouped into three structural departments: deck, engine, and steward. Licensed staff perform supervisory and technical repair work; while unlicensed seamen, who constitute the bulk of the deck and engine departments and the entire steward department, perform the manual labor aboard ship. Trade union organization broadly follows this structural pattern, with one additional feature: rival unions dating back to the pre-AFL-CIO merger exist in each craft.[1]

The following table depicts the extent of union rivalry.

	Original Charter Granted By	
Craft	AFL	CIO
Deck, licensed	International Organization of Masters, Mates, and Pilots (MM&P)	
Engine, licensed		Marine Engineers' Beneficial Association (MEBA)
Radio	Radio Officers Union (ROU)	American Radio Association (ARA)
Purser	Staff Officers Association (SOA)	American Merchant Marine Staff Officers Association (AMMSOA)[2]
Deck, unlicensed; Engine, unlicensed; Steward	Seafarers International Union (SIU)[3]	National Maritime Union (NMU)

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[1] A few independent maritime unions representing seamen employed by a number of U.S. Tanker companies exist. Since these unions play a minor role in the industry they are excluded from the analysis.

[2] As of September [illegible] the AMMSOA's charter was revoked and the SOA assumed jurisdiction over former AMMSOA pursers.

[3] SIU organized seamen on the West Coast are represented by three SIU affiliates: the Sailors Union of the Pacific (SUP), Marine Firemen, Oilers and Watertenders (MFOW), and Marine Cooks and Stewards (MCS).

In addition an NMU affiliate, the Brotherhood of Marine Officers (BMO) competes with the MM&P and the MEBA; while an SIU affiliate, the American Marine Officers, further rivals the MM&P. District #2 of the MEBA acts independently of the parent organization and is, for practical purposes, affiliated with the SIU.

Union fragmentation is matched by a split in the ranks of management, especially on the Atlantic and Gulf Coasts; and results from the uneven impact of the federal subsidy program and from rivalry in the ranks of labor. Companies receiving direct federal subsidies and/or whose unlicensed seamen belong to the NMU are represented by the Marine Maritime Service Committee and Tanker Service Committee; while the remaining companies negotiate through the American Maritime Association and company appointed committees. On the West Coast, management bargaining is directed by the Pacific Maritime Association.

The existence of the NDRF complicates the functioning of the maritime labor market. Ships can be mothballed and reactivated upon demand, but labor can not. In addition, mobility into the industry is narrowed by requirements that seamen possess Coast Guard certificates. Even during periods of peak labor demand, such certificates are not easily secured. While industry officials are reluctant to enlarge the maritime work force to meet short run increases in demand, since they doubt the availability of permanent jobs for the prospective entrants; they do feel the need to stockpile labor to meet future emergency needs. Consequently, the following developments have emerged which collectively retard labor mobility out of the industry.

Wage settlements negotiated during the last two decades have countered the allocative role economic theory assigns to wage movements. During wartime when additional labor is needed, a war risk bonus is paid to seamen sailing in the war theater. When the war is over the elimination of this bonus constitutes a wage reduction. However, the wage settlements negotiated in the post World War II and Korean War periods negate the effect of the elimination of the war bonus.

West Coast wage data, which are roughly representative of the entire industry, indicate that during 1945–1960, the SUP and the NMU received wage increases of 70 percent over their 1945 base; while auto and steel unions secured only 38 and 61 percent increases.

A similar pattern emerged for the 1949–1954 period, when the NMU and SUP secured 46 and 41 percent increases above their 1949 base, as compared to a 30 percent increase in autos for the same period.[4] Even allowing for the fact that the 1945–1949 and 1949–1954 periods each included a negotiated 8 hour reduction in weekly hours of maritime employment from 56 to 48 and from 48 to 40, the wage settlements do not conform to the overriding need of encouraging outward labor mobility in postwar periods.

The nonvesting of pensions erects an additional barrier to outward mobility. Mobility out of the industry, or to a higher craft usually requires the forfeiture of any accumulated pension credits.[5] Outward mobility is further retarded by the uneven impact of federal manpower programs which are instituted during wartime periods. After the termination of a sealift, the government neither supports nor establishes specific programs for enabling seamen to acquire skills in demand ashore.

The end result of these institutional factors is a threefold barrier to overall mobility: barriers to outward mobility, interoccupational mobility, and mobility into the industry. Mobility barriers in turn create manpower problems.

MANPOWER IMBALANCES

During peacetime periods, a manpower imbalance exists in the industry, as indicated by men per job ratios. Since the workyear of capital and labor differ, a men per job ratio of 1.50 is required for continuous sailing of the fleet.[6] This figure was exceeded in every rating during 1962–1963 and 1965, the latest years for which data is available.[7] The problem in reality is a twofold one: older seamen do not leave the industry once they realize they cannot receive full employment, and institutional arrangements diminish the effect of the expected market adjustment. Consequently, when faced with the option of employment at a lower skill and pay level or unemployment, most seamen choose employment. The 1962–1965 data verify the existence of skill underutilization, a clear indication of an inefficient utilization of manpower.

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[4] Harold M. Levinson, *Determining Forces in Collective Wage Bargaining* (New York: John Wiley, 1966), pp. 175, 191.

[5] As of 1965 an agreement had been reached between the SIU and MEBA District #2, and NMU and BMO for the transferring of pension credits as an unlicensed seaman upgrades himself to the licensed sector. Similar agreements have not been reached with the principal licensed unions, MEBA and MM&P.

[6] The workyear of capital is 12 months. A fully employed seaman would accumulate 240 working days, the equivalent of full time employment ashore, in 8 months.

[7] National Academy of Sciences, National Research Council, *Shipboard Manpower:* A Statistical Study of Men in the U.S. Merchant Marine, (Washington, D.C.: National Academy of Sciences, National Research Council, 1966 and 1968).

The end result of the mobility barriers, the subsequent manpower imbalance, and the fleet's continued decline is the necessity to ration employment. Rationing, administered through union rotary shipping rules, insures that all senior members are employed or are notified about employment prior to nonsenior members. In some cases seamen with seniority can sail almost 365 days a year, while those without seniority must accept whatever work remains. Defining overemployment as sailing days in excess of 240 and underemployment as less than 150 sailing days,[8] it appears that during 1962–1965 approximately one-third of the workforce was overemployed, while an additional third was underemployed.

The casuality of maritime employment is a direct result of the prevalence of overemployment. Overemployment for some seamen, in an industry with a labor surplus leads to underemployment for others. Many services, such as police and fire protection, are performed 365 days a year. Employees in these industries want to work more than their primary job permits and do as moonlighting among policemen and firemen testifies. The additional work, however, is not performed in the industry of primary employment.

Opportunities for the upgrading of unskilled seamen hardly exist, due to men per job ratios in excess of 1.50, the prevalence of overemployment and limited outward mobility. Limited interoccupational mobility is demonstrated by the fact that as of 1962–1963, over one quarter of the unskilled seamen have remained in that rating for over 20 years. Others upgraded themselves to the skilled sector and remain there permanently. This lack of mobility is not due to seamens' inability to master the requirements of a higher rating. Once vacancies open up, as they did during the early stages of the Vietnam sealift, 700 unlicensed seamen and over 1,700 unskilled seamen upgraded themselves to higher ratings.[9]

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[8] Full employment was calculated as follows: five employment days a week times 50 weeks equals 250 days. Subtracting ten days for legal holidays yields 240 working days. The criterion for underemployment was arrived at arbitrarily, with the deliberate intention that if the estimate be biased, it be an underestimate rather than overestimate.

[9] Ruchlin, *op. cit.*, pp. 240–241.

The overall clogging of mobility channels leads to the erection of barriers to entry. While these barriers do not pose formidable problems during peacetime; they become institutionalized and impede entry during wartime when additional manpower is needed.

As of the second year of the Vietnamese sealift, entry barriers were not removed. The Coast Guard refused to issue seaman's documents unless a person had previously served in the Navy or Coast Guard, or had a letter of commitment from a steamship company or labor union. The unions, claiming that they don't, per se, have jobs referred the prospective entrant to a steamship company. Since steamship companies hire directly from union hiring halls the would-be entrant was referred back to the union only to be sent back to the Coast Guard or shipping company.[10]

The manpower planning that does occur in the industry further gives rise to labor problems. The maritime academies do not tailor their output to the peacetime needs of the industry. Academy graduates, who numbered approximately 400 per year during the last decade, feel an obligation to go to sea, but have difficulties securing seagoing employment. Those that secure seagoing employment experience underemployment, quit, and contribute to the industry's high turnover rates. Those that remain reduce the opportunity for unlicensed seamen to upgrade themselves.

The mobility problems described are symptomatic, from a manpower viewpoint, of the decline of the merchant marine. While the multiple splits in the ranks of labor and management contribute to the industry's ills, the federal subsidy program and the existence of the NDRF seem to be the crucial factors in the industry's malaise. Employer resolve to counteract union power is weakened. With increased labor costs being substantially offset by the subsidy program, the small gain from accepting a strike is outweighed by the fear of losing passenger and cargo trade to competing fleets. The subsidy program not only supports the status quo, but even deters significant change, since it is administered along the lines of a block grant rather than an incentive grant. The collective bargaining process is further distorted since the group that agrees to any settlement, management, does not bear the full costs of the agreement; and the party that bears most of the cost, government, has no direct say in the outcome of the agreement.[11]

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[10] *Baltimore Sun*, August 21, 1967. The major exception to this practice is the Coast Guard's issuance of licenses to all merchant marine academy graduates upon graduation.

THE INDUSTRY'S MILITARY VALUE

A primary reason for the existence of the subsidy program is to perpetuate a commercial industry having military value. An analysis of the Vietnam sealift raises interesting manpower problems which indicate that the industry's military value is highly exaggerated.

The manning problems associated with the reactivation of 160 ships from the NDRF for the Vietnam sealift were not overcome until the middle of September 1967, two years after the sealift began. Assuming that these ships had to be completely manned by new seamen, and that each ship required a crew of 50 men, only 8,000 seamen were needed. The fact that the men per job ratios existing prior to the sealift exceeded 1.50, and that the Coast Guard would clear these ships with approximately 40 crewmen, indicates that 8,000 is an overestimate of the required manpower. With approximately 250,000 Coast Guard documents outstanding in 1959,[12] and additional documents having been issued throughout the 1960's, the additional manpower required should have been available much sooner than twenty-four months after the beginning of the sealift.

Four factors explain the recruiting difficulties. First, is the combined absence of a declaration of national emergency, draft deferments for seamen, and availability of reemployment rights. Second, is the requirement of high union initiation and reinitiation fees, ranging from a low of $500 required by the BMO, ROU, and SOA to a high of $2,000 required by the MM&P. Third, many seamen let their licenses lapse and refused to finance themselves during the study period required to reinstate their Coast Guard license. Finally, recurring mechanical failures and breakdowns in NDRF vessels caused scheduled three month voyages to last, in some instances, over eight.

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[11] The Nixon Administration's proposals for revamping the maritime subsidy program, as outlined by Secretary of Commerce Stans on October 23, 1969, attempt to remove these negative features of the subsidy, while building in a mechanism for rewarding efficiency in ship operation and construction.

[12] National Academy of Sciences, National Research Council, *The Role of the U.S. Merchant Marine in National Security,* (Washington, D.C.: National Academy of Sciences, National Research Council, 1959), p. 51.

Since the availability of former seamen for even temporary duty was practically nil, unions, employers, and the federal government established extensive but rival training programs to train new seamen and to upgrade existing ones. Although these programs were successful in providing manpower, as indicated by the fact that one program alone, the SIU-MEBA District #2 program, graduated 188 trainees in 1966 qualifying for an engine room license,[13] there were two problems. First, it took approximately two years to organize these upgrading programs and produce enough trainees to solve the manpower bottleneck, a period of time which severely detracts from the industry's potential of fulfilling prompt military needs. Second, the stage for a future imbalance is set as more men were brought into a declining industry.

TECHNOLOGY TO THE RESCUE

From a manpower viewpoint, automation and mechanization can lead to a reduced demand for seafaring labor, a change in the skill mix of the workforce favoring the skilled ratings, and increased profitability. Preliminary studies indicate that these changes occur.[14] However, they fail to attack the industry's basic problems. They do not remove military responsibilities from a commercial industry, nor do they alleviate postwar adjustments.

The impact of technology need not fall initially on the workforce. It can be applied to the fleet, and eventually shifted to the workforce. Recently thinking has been directed along these lines and two proposals have emerged. The first calls for construction of Fast Deployment Logistical (FDL) ships, which are floating warehouses permanently at sea containing military and logistical equipment. Thirteen FDL ships are estimated to provide the same logistical support currently requiring 30 to 40 commercial vessels.[15] Replacement of the NDRF by FDL vessels would minimize manpower dislocations; and even if the FDL program proves more costly than the present NDRF it may not be when the time required to fully respond to military needs is included.

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[13] This total exceeded the number of graduates of any state maritime academy and fell short of the output of the U.S. Merchant Marine Academy by only 6 graduates.

[14] See Harry Benford, "Notes on the Design and Operation of Automated Ships," and I. Yamashita, "Application of Technical Innovations and Automation to Ships Built in Japan," in George Bonwick (ed.), *Automation on Shipboard* (New York: St. Martin's Press, 1967).

[15] *Baltimore Sun,* March 29, 1967.

A second development is a proposal for constructing vessels to which midsections can be added as a means of increasing carrying capacity without increasing manning scales. Some Defense Department officials claim that this technique would be a far cheaper way to get reserve capacity than the NDRF.[16] From a manpower viewpoint this assertion, if true, is of utmost interest.

FDL and jumboizing may not be the solution to the industry's manpower problems. It is difficult to jumboize container ships, and to an extent even tankers. Increased vessel size, due to the addition of midsections may lead to economies of scale, prompting ship operators to object to their removal. Jumboizing may even be wrong from a business viewpoint. However, thinking along these lines should continue, for in it lies a viable solution to a complicated problem.

CONCLUSIONS

A more efficient way must be devised for imposing military needs on a commercial industry without resulting in severe manpower dislocations that have prolonged, if not permanent, repercussions. The analysis in the preceding section points to one alternative. There may be others. Research along these lines is imperative, especially since the NDRF is itself approaching obsolescence.

Government's role in the industry is crucial, and it must be reexamined. Subsidy payments should neither have a divisive impact nor perpetuate the status quo. The existence of the subsidy in its current form and governmental military needs have led maritime unions to adopt rigid policies in regard to hiring, employment rationing, and outward mobility. These problems can be ultimately solved only when the larger problems prove amenable to solution.

Labor and management must also share part of the blame for the prevailing manpower imbalance since the imbalance results in part from interindustry rivalry. Union amalgamation along industrial rather than craft lines and consolidation of employers' associations would increase labor mobility, and tend to defuse one of the most complex collective bargaining situations in the entire United States.

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[16] *Long Island Press,* August 2, 1967.

DISCUSSION

Milton Derber
University of Illinois

The IRRA practice of including in its program a session on invited papers is one which I very much support. But the custom of giving a single discussant the responsibility of making some hopefully relevant and stimulating comments on four papers in widely different subject areas to which he may have had little or no exposure—this a less appealing aspect, especially when I happen to be the discussant. However, our chairman was as persuasive as ever, and here I am.

Partly to cover up my ignorance on the specifics and partly to provoke some discussion in which all of us might share, I decided to seek some elements of commonality among the papers despite their divergency in content. I concluded that there was one such element: all four papers concerned questions of public policy, three through research and one through a speculative essay.

Thus I plan to direct my remarks to the authors and to the audience in terms of relations between research and policy-making. More specifically, I want to raise the following four questions:

1. Has the author (or authors) identified and specified a problem which is meaningful to the policy-makers?
2. Has the problem been adequately formulated for research purposes?
3. Were the findings based on appropriate and reliable research techniques?
4. Have the authors fulfilled the reasonable expectations of policy-makers?

I shall treat the four papers seriatim in relation to each question, following the order that the papers were listed on the program.

1. Meaningful Problems

Professor Barth's problem is clearly stated and would pose no conceptual difficulty for the policy-maker. In seeking to determine whether an increase in the federal minimum wage may create greater disemployment effects, if any, for teen-agers than adults, he has selected a problem that has been debated by economists and policy-makers for some years. Professor Juris' interesting essay poses a more complex case. His opening remarks indicate that he is concerned with the extension of "full collective bargaining rights" to police. But the body of his paper deals with the concept of job enrichment as the route to an effective police force, and collective bargaining is supported as the best way to achieve the changes implicit in job enrichment. This hardly covers such critical aspects of police unionism and collective bargaining as the right to strike and affiliation with the trade union movement. I wonder then if Professor Juris is really talking about the problem of "full collective bargaining rights" or a more limited process.

Messrs. Loren and Solenberger, like Professor Barth, have presented a clear-cut problem (the adequacy and efficacy of the private and public survivor benefits applicable to dependent survivors of UAW members) and I think that they have defined its boundaries quite effectively. The only point of ambiguity which bothered me was whether they were talking solely about members who died while still employed or whether they included retirees as well. I assume the former. Professor Ruchlin, on the other hand, seems to be dealing with a very diffuse subject-area and I found some difficulty in determining what he really meant by his problem statement. Perhaps this lack of precision arises from the difficulty of trying to summarize a long and complex Ph.D. thesis in a dozen pages. Is the problem what the title suggests—the impact of industrial relations on maritime manpower? Or is it the reasons for the declining state of the private maritime industry? Or is it, as suggested in the first paragraph of his paper, the joint impact of the industry's military responsibilities, the role of the federal government, and the functioning of the maritime labor market on the industry's manpower resources?

2. PROBLEM FORMULATION

Professor Barth showed a laudable awareness of the importance of adequate problem formulation for his project. He carefully assessed available theories, searched for the strategic causal variables, and provided some interesting statistical comparisons as background for his key question. But unfortunately he was unable to come up with an adequate causal theory and his regression model is a relationship with little or no explanatory significance. Furthermore, as he himself points out, it is an oversimplified equation in that it makes no allowance for time lags. What bothers me even more is that his dummy variable treats the minimum wage change as a content-less event, making no allowance for the size of the change or whether it applies to the rate or to extended coverage.

In my earlier comments on Professor Juris' essay, I have already indicated some concerns about his conceptualization. His analysis of the public interest in the police function and the alternative strategies to satisfying that interest by restructuring the police function I found extremely interesting. But the analytical chain between the restructuring of the public function and the collective bargaining process contains too few links. And the missing links are essential to his original problem.

Because the Loren-Solenberger problem is descriptive rather than explanatory in nature, the authors have a less difficult task of problem formulation to perform. I believe that they have done an effective job of defining their key concepts and of specifying the criteria by which to measure the immediate and ongoing adequacy of benefits.

Professor Ruchlin unfortunately does not attempt an integrated conceptual framework in this summary paper, which I suspect he does provide in his dissertation. In discussing the institutional factors affecting manpower supply-demand relations and labor mobility, he has omitted at least two factors which I would have thought quite essential. One is the foreign or "runaway" flagship factor. The other is the union concern with wages-as-income and with job security.

3. RESEARCH METHODOLOGY AND ANALYSIS

Having set up his regression model, Professor Barth proceeded to collect and analyze his data in what appears to be conventional technical fashion. I have no reason to question the reliability of his data (which are taken from federal government sources) nor do I have the competence to assess the validity of his regression analysis although I am told that regressions based on time series may raise some questions about the independence of the variables.

Professor Juris does not attempt any systematic research and therefore comments under this heading are not appropriate.

Messrs. Loren and Solenberger do not describe their methodology fully because of space limitations. Three aspects interest me although I have no reason to question the findings. One is the nature of their samples. Did they cover all deceased UAW members in the Detroit area in 1963 and 1965 or a sample? If samples, what were their coverage, size, and reliability? The data apparently were gathered by personal interview. How reliable were the respondents? Finally, I am somewhat troubled by the combining of the 1963 and 1965 data in the light of the different benefits available and the different characteristics of the survivors reported.

Professor Ruchlin obviously gathered a vast amount of information from both official and unofficial sources and I have no reason to question his statements of fact. His analytical statements are too abbreviated for fair comment. I would be particularly interested in the theoretical bases of his mobility analysis and of the relationships between wage movements and the supply of and demand for manpower.

4. THE POLICY-MAKER'S RESPONSE

If I were a policy-maker, how would I respond to these four papers? Professor Barth would have persuaded me that the economist's knowledge of the impact of minimum wage legislation is still quite primitive and requires much more fact-finding and analysis. In the meantime, I would not be inclined to change the existing minimum wage approach to teen-age workers. Professor Juris would have stimulated me to look very seriously into the job enrichment concept. He would not have persuaded me that police unionism should be free to function like private-sector unionism. On the other hand, I would feel that Messrs. Loren and Solenberger have effectively demonstrated the need to be concerned about the ongoing income benefits for dependent survivors, especially under the Social Security Program. Finally, Professor Ruchlin would have persuaded me as policy-maker to have an assistant look at his dissertation. Being an academic, not a policy-maker, I plan to do so personally.

XII

ANNUAL REPORTS FOR 1969 INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

MINUTES OF IRRA ANNUAL MEETINGS

EXECUTIVE BOARD SPRING MEETING

May 2, 1969, Des Moines

The IRRA Executive Board met at 8:00 a.m. Friday, May 2, 1969 in the Kirkwood Hotel. President Frederick Harbison presided at the meeting attended by Board Members Woodrow Ginsburg, Donald Irwin, Garth Mangum, Albert Rees, Howard Rosen, Ralph Seward, Jack Stieber, and Lloyd Ulman; Acting Secretary-Treasurer James Stern; Editor Gerald Somers; Local Arrangements Chairmen Edgar Czarnecki of Des Moines and Douglas Soutar of New York.

Acting Secretary-Treasurer Stern reported that the financial situation of the IRRA was more satisfactory through March this year than in 1968, since the serious deficit arising from high publication costs had been met. He indicated that funds had been accumulated in short-term savings for payment of the billing of the *Twenty-First Annual Proceedings,* and that fall publication of *Public-Private Manpower Policy* would permit payment for it from current income. He reported that paid memberships were up only slightly through March this year (863 compared with 849 in 1968), but that dues income was appreciably higher, to $8,683.83 from $6,894 in 1968. This reflects the increase in dues from $8 to $10 established by membership referendum in the summer of 1968. Other income was also up slightly this year, with the biggest percentage increase in royalties: from $128.05 in 1968 to $710.27 in 1969. Disbursements during this period had remained about the same as in the previous year.

Mr. Stern reported that the IRRA's $5000 savings and loan bond had been reinvested in high grade corporation bonds to earn a higher yield. He also noted that the new Greater Kansas City Chapter was the first chapter whose bylaws made National membership a requirement for its local members.

Mr. Stern indicated that the slate of nominees for the 1969 fall election was now complete, and he listed the names of those who had accepted the nomination. The names of the nominating committee appointed by President Harbison for the 1970 fall elections were also presented to the Board.

The Executive Board reviewed the following results of the advisory referendum on the scheduling of annual meetings (325 ballots were returned):

160	Between Christmas and New Year's (the present time)
93½	Late August or Early September
35	Alternating between present time one year and late August the next
23½	A weekend immediately prior to Christmas
13	Other

It was noted that, as in the case of the American Economic Association's referendum, a majority (165) cast their ballots in favor of a change in dates of meetings, even though a plurality (160) voted for retention of the Christmas-New Year's period. It was noted that the AEA's executive committee voted to retain the present schedule. It was agreed that the results of our referendum should be reported to the membership in the June *Newsletter*, along with an indication that the Secretary-Treasurer was exploring a number of alternatives with the AEA. After obtaining further views from the membership and from the AEA in this matter, the Board would reach a decision on future scheduling at the December meeting.

The Board delegated the power to approve applications for local chapter charters to the President, Secretary-Treasurer and Editor, except in those cases where a conflict with an existing chapter or other questionable aspects of the application made Executive Board review desirable. Unanimous approval was given to the issuance of charters to the Greater Kansas City and San Diego Chapters; and approval of the reaffiliation of the Labor and Industrial Relations Association (LIRA) of the University of Illinois was confirmed after determination that its bylaws were consistent with those of the national Association.

Editor Somers announced that the publication date of the *Twenty-First Annual Proceedings* was April 28, the earliest date on record. He indicated that the *Proceedings* of the Spring Meeting would again be published in the Labor Law Journal and would be distributed to IRRA members by September.

It was reported that Arnold Weber, Chairman of the Editorial Board for the Manpower Volume (1969), would submit the manuscript before June, thereby permitting publication in the fall.

Somers reported that the authors invited to contribute to the

1970 and 1971 survey volumes had accepted and were proceeding with their chapters. A question was raised concerning the future of the special research volumes and the possibility was suggested that these might be replaced by subscriptions to existing industrial relations journals. A committee had been appointed by President Shultz in 1967 to examine this question and to make recommendations concerning the future of these volumes. That committee recommended the format of the 1970 and 1971 volumes and, in view of the scheduling of a *Membership Directory* in lieu of a research volume in 1972, the committee recommended that another review of this matter be made prior to the authorization of the volume for 1973. It was agreed that the question of research volumes and possible alternatives should be brought to the attention of the membership through the *Newsletter* and that it should be discussed at the Membership Meeting in December and in local chapter meetings.

President Harbison provided a listing of topics, session chairmen and some of the speakers for the December Meeting. Additional suggestions were made by Board members. Other suggestions were to be sent to Mr. Harbison before the program was finalized. It was urged that efforts be made to increase the time allowed for informal discussion.

Douglas Soutar discussed the local arrangements for the New York Meetings; and James Stern provided a preliminary report on local arrangements for the meeting in Albany in the spring of 1970. Board Members were urged to send suggestions for the spring meeting to the president-elect, Douglass V. Brown. Friday and Saturday dates were approved for both the Albany and Cincinnati Spring Meetings.

The Board approved the sending of a wire of congratulations to Douglass Brown who was being honored in Cambridge on the occasion of his retirement. The Board also gave a unanimous and enthusiastic vote of thanks to James Stern for his excellent service as acting secretary-treasurer in 1968–69.

President Harbison also extended the Association's thanks to Ed Czarnecki and his committee for their work on the program and local arrangements for the Des Moines meeting.

The meeting was adjourned at 9:40 a.m.

MINUTES OF IRRA EXECUTIVE BOARD WINTER MEETING

December 29, 1969, New York City

The Executive Board of the Industrial Relations Research Association met at 12:30 p.m., Monday, December 29, 1969 in the Waldorf-Astoria Hotel. Frederick Harbison presided at the meeting attended by incoming President Douglass V. Brown, President-Elect George Hildebrand, Secretary-Treasurer David Johnson, Editor Gerald Somers, Legal Counsel Frederick Livingston, and Board Members Wilbur Cohen, John Crispo, Donald Irwin, Garth Mangum, Ray Marshall, David Moore, Howard Rosen, Bert Seidman, Ben Seligman, Ralph Seward, Jack Stieber, Lazare Teper, and Lloyd Ulman, local arrangements representatives Michael Borus of Detroit and Lawrence Donnelley of Cincinnati, and George Seltzer, Peter Henle, John Shearer, and Sander Wirpel of the Nominating Committee.

The Nominating Committee presented the slate of nominees for 1970 fall election. The Nominating Committee also indicated that in the process of selecting nominees for the Executive Board they became concerned with the goals and purposes of the Association and, especially, any changes in these goals and purposes which may have occurred in recent years or which should be brought about in the future. George Seltzer, speaking for the committee, suggested that a task force be appointed to examine the question of the IRRA's goals and that this task force should report its recommendations to the IRRA Executive Board.

Wilber Cohen suggested that consideration be given to student representation on the committees of the Association and that the task force also consider and make recommendations concerning this question. As a result of this discussion, it was decided that the incoming president, Douglass Brown, would appoint a committee to study the role and purposes of the IRRA as well as the question of student representation. This committee would report its conclusions and recommendations to the Executive Board at its earliest possible meeting. The Executive Board approved the slate of nominees selected by the nominating committee.

The Secretary-Treasurer reported on the financial status of the Association. The dues increase in 1968 had reversed the trend of cash outflow so that by November 30, 1969, the net resources were ample for conducting the affairs of the Association. (The auditor's annual report and the detailed financial statements are reproduced in the pages which follow.) The $5,000 "cushion" that the Association has maintained since the early 1950's in a savings and loan account has been invested, along with some other surplus funds, in high grade bonds yielding about 8 per cent. Membership which increases at a trend rate of about 200 per year, had continued its upward climb during 1969 and on November 30, 1969, stood at an all-time high figure of 3,378.

The Board unanimously approved the application for affiliation of the newly formed Utah Chapter.

Editor Somers reported on the progress made on the research volumes for 1970 and 1971. The Board then discussed a number of possible alternatives to the annual research volumes, and decided that a decision would be made on an *ad hoc* basis each year concerning either publication of a volume, the convening of an additional meeting or symposium, or other possible alternatives. For 1973 (a membership directory is scheduled for 1972) the Board agreed upon a research volume which would address itself to the future of the industrial relations field in the next 25 years. This topic was thought to be appropriate because 1973 would mark the 25th anniversary of the IRRA. President Douglass Brown and Editor Somers were to make recommendations concerning the composition and authors of the volume at the next Board meeting.

In a discussion of the International Industrial Relations Association, the members were reminded of the Second World Congress in Geneva September 1–4, 1970. Although it was indicated that the U.S.A. was in line for nominating a president of the IIRA at the Geneva meeting, it was decided that a distinguished representative from some other country should be accorded this honor, and that the IRRA Executive Board would so urge the nominating committee of the IIRA.

After lengthy discussion of the results of the membership referendum on this question, it was agreed that the Association's annual meetings would continue to be held in conjunction with the Allied Social Science Associations' meetings between Christmas and New Year. There was also agreement that it would be desirable to have the IRRA headquarters hotel closer to the AEA meetings in the future.

Incoming President Brown discussed his plans for programs for the Spring Meeting in Albany and the Winter Meeting to be held in Detroit on December 28–29, 1970. He indicated that a session of invited papers would be chaired by George Hildebrand, thus continuing a tradition that the President-Elect head this session. Professor Brown recommended that in the future actual papers be required for submission to chairman of invited papers sessions, not merely proposals, and that the word limits for papers be specified in the *Newsletter* announcements of the session. A number of suggestions for program topics and participants were made by the Board, and additional suggestions were solicited by Brown, to be submitted to him through correspondence.

Finally, the Board voted unanimously to reappoint Gerald Somers to a three-year term as Editor.

The meeting adjourned at 2:30 p.m.

MINUTES OF IRRA GENERAL MEMBERSHIP MEETING

December 29, 1969, New York City

The meeting was opened at 4:45 p.m. in the West Foyer of the Waldorf. The president, Frederick Harbison, introduced the incoming president, Douglass V. Brown, indicating that Brown would officially assume his duties during the course of this meeting.

Secretary-Treasurer David Johnson reported that the Association membership list had followed the usual trend by increasing to 3,378, up 213 from 1968; and that we now have a financial balance of $20,594.46 (net cash resources of about $14,000, since $6,617.44 for the 1969 research volume, *Public-Private Manpower Policies,* had not yet been billed), reflecting the Association's greatly improved financial situation since the dues increase. The Secretary-Treasurer also reported that the Executive Board had approved the admission of the Utah Chapter, to bring the total number of IRRA local chapters to 24.

Editor Gerald Somers reported that the *Proceedings* of the current meeting would be distributed to members in May 1970. Later in the year members would receive the *Spring Proceedings* and the first of two volumes reviewing the research literature in industrial relations during the past decade. The forthcoming volume would review four topics, and the companion volume, to be distributed in 1971, would cover an additional four topics. The membership *Directory* in 1972 would be followed in 1973 by a 25th anniversary volume, looking at the major developments in industrial relations in the past 25 years and the major prospects for the next 25 years.

Somers also reported on the Second World Congress of the International Industrial Relations Association, urging members to place Geneva, September 1–4, 1970 on their calendars.

It was announced that a committee would be appointed to study the role, purposes and policies of the IRRA, with recommendations to be brought before the Executive Board and the members in the coming year.

Incoming President Douglass Brown reported on preliminary plans for the 1970 spring meeting in Albany and for the winter meeting in Detroit. Tentative topics included the following:

Suggested Program Topics for 1970 Spring and December Meetings:

- Management's adaptation to the changing labor force
- Unions' adaptation to the changing labor force
- Pressures on and by wages in the construction industry
- Manpower questions in the construction industry
- A re-assessment of the efficacy of the strike
- A hard look at "sensitivity training"
- Why do some companies remain unorganized?
- Coalition bargaining and employer mutual defense activities
- Myrdal's *The American Dilemma* revisited
- Effectiveness of remedies in unfair labor practice cases
- Right to strike in the public sector, including an evaluation of foreign experience
- Panel discussion of the Brookings report on collective bargaining in the public sector (if it is out in time)
- Dovetailing of public and private "social security" systems
- Recent experiences with foreign incomes policies
- The EEOC and discrimination by reason of sex
- Income maintenance programs in the U.S., and the relation of proposed to existing programs
- Comparative experience in manpower policies
- Farm workers
- Manpower problems in the health industry
- The new left and industrial relations
- The future role of the IRRA
- The economics of discrimination

Professor Brown urged members to send him their reactions to these suggestions, as well as additional suggestions for topics, speakers and discussants.

A discussion of the scheduling of the annual winter meetings followed, with the report that the Executive Board had decided to continue to hold these meetings in conjunction with the Allied Social Science Associations in the last week of December. It was suggested from the floor that a study be made of the proportion of IRRA members who were members of the American Economic Association and other Allied Social Science Associations. A suggestion was made that an effort be made to locate future spring and winter meetings for a particular year in different regions of the country. It was also suggested that invitations for spring meetings be solicited from new chapters, and that some of the spring meetings be held in localities where industrial relations was less fully developed in order to encourage interest in the field. President Brown agreed that he and the Executive Board would give careful consideration to these suggestions.

There were comments from the floor concerning topics and speakers in some of the sessions of the current meetings, particularly on how we could have better delivery of the papers. It was urged that efforts be made to include new faces on the program, and President Brown assured members that every effort would be made to accomplish this goal. It was also suggested that earlier publicity in the *Newsletter* be given to the request for topics and speakers in the spring and winter programs, and that a survey be made of research topics which members would like to see covered in the meetings.

The meeting was adjourned at 5:20 p.m.

IRRA AUDIT REPORT FOR FISCAL 1969

Gentlemen:

We have audited the cash receipts and disbursements of the Industrial Relations Research Association for the fiscal year ended November 30, 1969. We submit herewith our report.

The available cash and investments of the Industrial Relations Research Association on November 30, 1969 totaled $20,594.46. The November 30, 1969 bank balances were verified directly with the First National Bank, Madison, Wisconsin, and the corporate bonds owned were physically inspected by us on December 15, 1969. During the year, the Home Savings and Loan certificate No. 7935, dated 2-14-66 (4¾%) was cashed and reinvested.

As set forth below, the cash receipts for the fiscal year totaling $42,696.72 exceeded the cash disbursements of $30,682.48 by $12,014.24. The cash receipts for the 1968–69 fiscal year were $7,377.69 more than the cash receipts for the 1967–68 fiscal year. The cash disbursements for 1968–69 fiscal year were $10,959.88 less than the cash disbursements for the 1967–68 fiscal year. The decrease in disbursements is partially due to a billing for 1968–69 publications in the amount of $6,617.44 that was not received until after 11-30-68. An increase in membership dues is the principal reason for the increase in cash receipts during the year.

The cash receipts journal was footed by us for the entire year. All cancelled checks returned by the bank during the year were examined by us and traced to the disbursement journal. The cash disbursements journal was also footed for the year. The source information of dues income was tested for a portion of the year.

In our opinion, the accompanying statement of cash receipts and disbursements presents fairly the cash transactions of the Industrial Relations Research Association for the fiscal year ended November 30, 1969 on a basis consistent with that of the preceding year.

Madison, Wisconsin
December 15, 1969 **HOUGHTON, TAPLICK & CO., Certified Public Accountants**

COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Fiscal Years Ended November 30, 1969 and November 30, 1968

Year Ended Nov. 30	1969	1968	Increase	Decrease
Cash Receipts:				
Membership Dues	$25,873.05	$21,431.00	$ 4,442.05	$
Subscriptions	3,490.41	3,292.00	198.41	
Sales	5,229.55	4,408.72	820.83	
Royalties	1,028.45	1,996.74		968.29
Mailing List	931.25	805.50	125.75	
Travel, Conference & Meetings	5,155.34	3,115.34	2,040.00	
Interest Income	584.51	242.13	342.38	
Tennessee Chapter Receipt	242.86		242.86	
Miscellaneous	161.30	27.60	133.70	
Totals	$42,696.72	$35,319.03	$ 7,377.69	
Cash Disbursements:				
Salaries and Social Security	$ 7,499.01	$ 6,301.02	$ 1,197.99	$
Retirement Plan	281.28	289.68		8.40
Printing	1,314.35	1,094.74	219.61	
Postage	2,311.43	1,593.87	717.56	
Services and Supplies	1,767.80	1,730.38	37.42	
Publications	13,283.33	28,829.72		15,546.39
I.R.R.A. Conference and Meeting Expense	3,978.51	1,558.49	2,420.02	
Miscellaneous	134.50	107.40	27.10	
Telephone and Telegraph	112.27	137.06		24.79
Totals	$30,682.48	$41,642.36		$10,959.88
Excess of Receipts over Disbursements	$12,014.24	$(6,323.33)	$18,337.57	
Add: Beginning Bank Balances	3,550.86	9,879.15		6,328.29
	$15,565.10	$ 3,555.82	$12,009.28	
Add (Deduct): Net Transfer of Funds	(9,798.58)	(4.96)	9,793.62	
Bank Balance, End of Year	$ 5,766.52	$ 3,550.86	$ 2,215.66	
Corporate Bonds	5,083.50		5,083.50	
Golden Pass Book Savings—First National Bank	9,713.92		9,713.92	
Home Savings and Loan Certificate No. C 7935 Dated 2-14-66 (4¾%)	—0—	5,000.00		5,000.00
First National Bank—Savings	30.52	29.36	1.16	
Available Cash Resources	$20,594.46	$ 8,580.22	$12,014.24	

THE INDUSTRIAL RELATIONS RESEARCH ASSOCIATION

The Industrial Relations Research Association was founded in 1947 by a group of people who felt that the growing field of industrial relations required an association in which professionally-minded people from different organizations could meet periodically. It was intended to enable all who were professionally interested in industrial relations to become better acquainted and to keep up to date with the practices and ideas at work in the field.

The word "Research" in the name reflects the conviction of the founders that the encouragement, reporting and critical discussion of research is essential if our professional field is to advance. In our membership of 3500 you will find people from management, unions, government; practitioners in the fields of consultation, arbitration and law, and researchers and teachers representing many disciplines in colleges and universities in the United States and Canada, as well as abroad. The disciplines represented in this Association include administrative sciences, anthropology, economics, history, law, political science, psychology, sociology and others.

The IRRA seeks to accomplish its objectives through regular local, regional and national meetings. The IRRA itself holds its meetings in December, the week between Christmas and New Year, and its spring meeting in May. Programs for 1970 are described on the next page. Local meetings are held by the twenty-four IRRA chapters, usually on a regular monthly basis. (See chapter list on the back page.) IRRA publications include Proceedings of the Annual Winter Meeting and of the Spring Meeting, the annual research volume (with a Membership Directory issued every six years in lieu of the special research volume that year), and a quarterly Newsletter—all of which are distributed to dues paying members and subscribers. A price list of past IRRA publications is available on request.

Membership is open to all who are professionally interested and active in the broad field of industrial relations. Annual dues, which cover the calendar year January 1 through December 31, entitle members to the Proceedings of the Annual Winter Meeting, the Proceedings of the Annual Spring Meeting, a special research volume, and the quarterly Newsletter. Libraries and institutions who are interested in the publications of the Association are also invited to become members, and therefore subscribers to these publications. Regular Membership dues are $10 per calendar year; Foreign Membership (from outside the U.S. and Canada) $5; Student Membership $5; Contributing Membership $50; Life Membership (single payment) $150; and Library or Institutional Subscriptions $10.

If you are not already a member, or if you know someone who might be interested, please request further information and membership applications from the IRRA, Social Science Bldg., Madison, WI 53706.

Douglass V. Brown

Douglass V. Brown, *President 1970*

INDUSTRIAL RELATIONS RESEARCH ASSOCIATION PROGRAM

IRRA Meetings

ANNUAL SPRING MEETING, May 8–9, 1970, Albany, New York, Thruway Hyatt House. Program arranged by President Douglass V. Brown, MIT.

TWENTY-THIRD ANNUAL WINTER MEETING, December 28–29, 1970, Detroit, Cobo Hall and Howard Johnson Downtown Motor Lodge, held in conjunction with the Allied Social Science Associations' meetings. The program, arranged by President Douglass V. Brown, will be announced in the IRRA Newsletter in September.

ANNUAL SPRING MEETING, May 7–8, 1971, Cincinnati, Terrace Hilton Hotel. President-Elect George H. Hildebrand will announce his program in the March Newsletter in 1971.

Future December IRRA Meetings (in conjunction with ASSA):

1971 New Orleans	1974 San Francisco
1972 Toronto	1975 Dallas
1973 New York	1976 Atlantic City

IRRA Publications for 1970

(Distributed to all dues paying members and institutional subscribers for calendar year 1970)

PROCEEDINGS OF THE TWENTY-SECOND ANNUAL WINTER MEETING, December 29–30, 1969, New York.

PROCEEDINGS OF THE 1970 ANNUAL SPRING MEETING, May 8–9, Albany (Publ. Summer 1970).

REVIEW OF RESEARCH IN INDUSTRIAL RELATIONS, 1960–1970, Volume I (Publ. Fall 1970).

IRRA NEWSLETTER, distributed quarterly.

Future IRRA Special Volumes Scheduled:

- REVIEW OF RESEARCH IN INDUSTRIAL RELATIONS, 1960–1970, Volume II (Publ. Fall 1971)
- IRRA MEMBERSHIP DIRECTORY, 1972 (Published at Six-Year Intervals)
- TWENTY-FIFTH ANNIVERSARY VOLUME, 1973

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LOCAL CHAPTERS OF IRRA 1969–1970

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INTERNATIONAL INDUSTRIAL RELATIONS ASSN.

IRRA is a founder and affiliated member of the International Industrial Relations Association which was established in 1966. The Second World Congress of IIRA is scheduled for Geneva 1–4 Sept. 1970. A North American regional meeting dealing with "The Role of Industrial Relations Centers" was held in Chicago, May 17–18, 1968; an Asian regional meeting convened in Tokyo, March 4–7, 1969, on the theme, "Changing Patterns of Industrial Relations in the Asian Countries"; and the First European Regional Conference was held at the University of Linz, Austria, from 11–12 April 1969, and focused on "Industrial Relations Research in European Countries." Membership and meeting information is available from the IIRA, 154, rue de Lausanne, CH-1211 GENEVA 22.